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REPORT
No. 97-837

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MISCELLANEOUS TARIFF AND CUSTOMS AMENDMENTS

SEPTEMBER 17, 1982.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 6867]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 6867) to change the tariff treatment with respect to certain articles, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 1, strike out lines 9 and 10 and insert the following:

(a) With respect to articles entered after December 31, 1982, and before January 1, 1984, item 355.45 is amended by striking out "18¢ per lb. + 28.6% ad val." and inserting in lieu thereof "15 cent per lb. + 26.7% ad val.".

(b) With respect to articles entered after December 31, 1983, and before January 1, 1985, item 355.45 is amended by striking out "15¢ per lb. + 26.7% ad val." and inserting in lieu thereof "9¢ per lb. + 22.8% ad val.".

(c) With respect to articles entered after December 31, 1984, and before January 1, 1986, item 355.45 is amended by striking out "9¢ per lb. + 22.8% ad val." and inserting in lieu thereof "3¢ per lb. + 18.9% ad val.".

(d) With respect to articles entered after December 31, 1985, item 355.45 is amended by striking out "3¢ per lb. + 18.9% ad val." and inserting in lieu thereof "17% ad val.".

(e) As used in this section, the term "entered" means entered, or withdrawal from warehouse for consumption, in the customs territory of the United States.

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Page 2, strike out line 11 and all that follows down through line 11 on page 3 on and insert the following:

SEC. 103. CERTAIN FOURDRINIER WIRE.

Page 4, line 3, strike out "106." and insert "104.".

Page 4, line 20, strike out "737.31" and insert "737.30".

Page 5, line 6, strike out "737.31, 737.33," and insert "737.30".

Page 5, strike out lines 13 and 14 and the matter appearing between lines 14 and 15.

Page 5, line 15, strike out "(C)" and insert "(B)".

Page 5, line 17, strike out "(D)" and insert "(C)".

Page 6, strike out lines 1 through 11, inclusive, and insert the following:

(2) The rates of duty in column numbered 1 for items 737.47, 737.49, and 737.51 (as added by subsection (a)(1)(C) shall be subject to any staged rate reductions for item 737.95 which were proclaimed by the President before the effective date of the amendments made by subsection (a).

Page 6, line 13, strike out "737.31, 737.33,".

Page 6, line 19, strike out "107." and insert "105.".

Page 7, line 11, strike out "108." and insert "106.".

Page 101 immediately before line 1 insert the following:

SEC. 125. P-HYDROXYBENZOIC ACID.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.00	P-Hydroxybenzoic Acid (provided for in item 404.44, part 1, schedule 4).....	Free	No change	On or before 9/30/85".

SEC. 126. TRIPHENYL PHOSPHATE.

Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"907.03	Triphenyl phosphate (provided for in item 404.48, part 1B, schedule 4).....	Free	No change	On or before 9/30/85".

Page 10, line 1, strike out "125." and insert in lieu thereof "127."

Page 10, strike out lines 9, 10, and 11, and the matter appearing between lines 11 and 12, and insert the following:

SEC. 128. COLOR COUPLERS AND COLOR INTERMEDIATES.

(a)(1) Item 907.10 of the Appendix is amended by striking out "6/30/82" and inserting in lieu thereof "9/30/85".

(2) Item 907.12 of the Appendix is amended by striking out "6/30/82" and inserting in lieu thereof "9/30/85".

(b) The amendments made by subsections (a) and (b) shall apply with respect to articles entered, or withdrawn from warehouse for consumption, after June 30, 1982.

Page 10, line 12, strike out "127." and insert "129.".

Page 11, line 1, strike out "128." and insert "130".

Page 12, line 4, strike out "129." and insert "131".

Page 12, line 7, strike out "130." and insert "132".

Page 12, line 10, strike out "131." and insert "133".

Page 12, line 13, strike out "132." and insert "134".

Page 12, line 16, strike out "133." and insert "135".

Page 13, in the matter appearing between lines 11 and 12, strike out "$50" and insert "$40", and after "devices," insert "not in combination with any other article,".

Page 13, line 12, strike out "134." and insert "136".

Page 14, line 5, strike out "135." and insert "137".

Page 14, line 8, strike out "136." and insert "138".

Page 14, line 11, strike out "137." and insert "139".

Page 15, line 1, strike out "138." and insert "140".

Page 15, line 4, strike out "139." and insert "141".

Page 15, line 7, strike out "140." and insert "142".

Page 16, in the matter appearing before line 1 and relating to item 912.30, strike out "Doll clothing imported separately, stuffed" and insert "stuffed".

Page 16, in the matter appearing before line 1, strike out all of item 912.32.

Page 16, line 4, strike out "The" and insert "Except as provided in sections 102 and 128(b), the".

Page 17, line 2, after the semicolon insert "and".

Page 17, lines 6 and 7, strike out "conducted outside the United States".

Page 17, line 8, strike out "; and " and insert a period.

Page 17, strike lines 9 through 14, inclusive.

Page 18, line 12, after "Act." insert the following new sentence: "When a consignee declares on entry that he is the owner or purchaser of merchandise, the appropriate Customs officer may, without liability, accept the declaration."

Page 19, between lines 13 and 14 insert the following:

(f) Section 557 of the Tariff Act of 1930 (19 U.S.C. 1557) is amended—

(1) by inserting "purchaser" immediately after "owner" in the first sentence of subsection (a); and

(2) by striking out "consignee" in subsection (d) and substituting in lieu thereof "importer of record."

Page 19, line 14, strike out "(f)" and insert "(g)".

Page 20, line 4, strike out "the" and insert "their".

Summary of Provisions

The Committee amended H.R. 6867, as introduced, to delete a provision which would have provided a three-year suspension of duty of column 1 (MFN) entries 1, 6-Hexanediol; to add a provision which would provide a three-year suspension of duty on column 1 (MFN) entries of color intermediates and color couplers; and to amend certain other provisions as described below.

H.R. 6867, as amended, is a bill which incorporates 30 miscellaneous tariff and trade bills, approved by the Committee on Ways and Means. They involve temporary duty suspensions, permanent duty eliminations, duty reductions, lifting of an embargo, and certain provisions affecting U.S. customs administration.

Section 1 applies to all other sections of the bill. It states that any amendment or repeal expressed in terms of an amendment to, or repeal of, a schedule, item, or other provision, the reference

shall be considered to be made to a schedule, item, or other provision of the Tariff Schedules of the United States (TSUS).

Title I of H.R. 6827, as amended, contains tariff schedule amendments. Subtitle A of Title I contains sections 101 through 106 which are permanent changes in tariff treatment. Subtitle B of Title I provides temporary changes in tariff treatment and contains sections 121 through 142. Subtitle C of Title I provides the effective date of Subtitles A and B. Title II of H.R. 6867, as amended, contains miscellaneous customs provisions and includes sections 201, 202, and 203.

Section 101 contains a provision, introduced by Mr. Gibbons as H.R. 5707, which would repeal an existing embargo on the importation of seven types of furskins from the People's Republic of China. The current embargo, which applies both to the Republic of China and the U.S.S.R., bans the U.S. import of mink, fox, muskrat, marten, weasel, ermine, and kolinsky furskins.

Section 102, as amended, contains a provision introduced by Mr. Studds as H.R. 4002. It would accelerate the scheduled duty reduction on TSUS item 355.45, "other fish netting and fishing nets (including sections thereof), of textile materials," by implementing the planned column 1 (MFN) rates earlier than scheduled. The 1984 rate would be implemented in 1983, the 1986 rate in 1984, the 1988 rate in 1985, and the 1989 rate of 17 percent ad valorem in 1986. The Committee amended the provision to provide early implementation of the scheduled duty reductions rather than going immediately to the 17 percent ad valorem level.

Section 103 contains a provision, introduced by Mr. Goodling as H.R. 4494. It would establish a new tariff item, providing permanent duty-free treatment on Fourdrinier wire suitable for use in capacitor papermaking machines. Other Fourdriner wire would continue to be dutiable.

Section 104 contains a provision, introduced by Mr. Guarini as H.R. 5764, which provides definitions for and reclassification of certain stuffed dolls and other toy figures. Section 142 of H.R. 6867 contains the remaining provisions of the original bill.

Section 105 contains a provision, introduced by Mr. Ratchford as H.R. 5080. It provides permanent duty-free treatment to button blanks of casein by establishing a new tariff item and by appropriately amending subpart A headnote of part 7 of schedule 7.

Section 106 contains a provision, introduced by Mr. Fuqua as H.R. 4844, which provides duty-free treatment to articles for NASA (and other articles launched into space under launch services agreements with NASA) if NASA certified that such articles are to be launched into space, are spare parts, or are necessary and uniquely associated support equipment for use in connection with a launch into space. In addition, it provides that materials being returned from space by NASA would not be considered an importation and thereby entry of such materials would not be required. These provisions would be effective for materials entered between 15 days after enactment and December 31, 1994.

Section 121 contains a provision, introduced by Mr. de la Garza as H.R. 5790, which provides until July 15, 1985, column 1 (MFN) duty-free treatment of fresh cantaloupes during the period from January 1 to May 15 of each year. Cantaloupes entering during the

referenced period incur a duty of 35 percent ad valorem for both column 1 and column 2 entries.

Section 122 contains a provision, introduced by Mr. Derwinski as H.R. 5386, to suspend until December 31, 1985 the 15 percent ad valorem column 1 (MFN) rate of duty on hatters' fur.

Section 123 contains a provision, introduced by Mr. Gibbons as H.R. 6396, to provide column 1 (MFN) duty-free treatment until June 30, 1985, on imports of needlecraft display models which are replicas of needlecraft kits.

Section 124 contains a provision, introduced by Mr. Gibbons as H.R. 5891, to provide a temporary reduction until January 1, 1988, in duties on disposable gowns and surgical drapes made of bonded fiber fabric and designed for use in hospitals, clinics, laboratories, and contaminated areas. The provision would equalize the rates of duty between paper products and the bonded fiber fabric products. This would be accomplished by reducing the column 1 (MFN) rate of duty to 5.6 percent ad valorem from 32 percent ad valorem equivalent on disposable gowns and from 21 percent ad valorem equivalent on surgical drapes. Similar paper products have a column 1 duty rate of 5.6 percent ad valorem. The column 2 duty rates would be reduced from 76 percent to 26.5 percent ad valorem on disposable gowns and drapes.

Section 125, as amended, contains a provision, introduced by Mr. Schulze as H.R. 5498. It would provide a three-year duty suspension on column 1 imports of p-Hydroxybenzioc acid. This would be accomplished by establishing a new tariff item for that purpose. This provision would suspend until September 30, 1985, the current rate of duty of 11.3 percent ad valorem for column 1 (MFN) entries and 7 percent ad valorem for LDDC entries. The Committee amended the provision to change it from permanently duty-free to a 3-year duty suspension.

Section 126, as amended, contains a provision, introduced by Mr. Gephardt as H.R. 5730. It provides a three-year duty suspension on column 1 (MFN) entries of triphenyl phosphate, a chemical used chiefly as a plasticizer. The Committee amended the provision to change it from permanently duty-free to a 3-year duty suspension.

Section 127 contains a provision, introduced by Mr. Shannon as H.R. 5499, which would extend until June 30, 1984, suspension of the column 1 (MFN) rate of duty on Bis(4-aminobenzoate)-1, 3 propanediol (trimethylene glycol di-p-aminobenzoate). The duty on this article is currently suspended until June 30, 1983.

Section 128 is a Committee amendment adding a provision, introduced by Mr. Frenzel as H.R. 6943, which would continue, until September 30, 1985, the suspension of column 1 (MFN) duty on color couplers and color intermediates. Current law provided a duty suspension which expired June 30, 1982; this provision would be retroactive to that date.

Section 129 contains a provision, introduced by Mr. Vander Jagt as H.R. 4642, which would temporarily suspend until June 30, 1985, the column 1 (MFN) rate of duty on isomeric mixtures of ethylbiphenyl. This product is provided for in item 407.16 and thereby item 402.52 (the highest category for a component part). The LDDC and column 2 rates of duty would be unaffected.

Section 130 contains a provision, introduced by Mr. Gibbons as H.R. 4913, to reduce the duty on Dicofol, an insecticide used on many fruit, vegetable, ornamental, and field crops. The provision would, until September 30, 1985, reduce the column 1 (MFN) rate of duty from 18.4 percent ad valorem to 11.2 percent (1982), the LDDC rate from 12.5 percent to 6.9 percent, and the column 2 rate from $.07 per pound plus 64.5 percent ad valorem to $.07 per pound plus 41 percent.

Section 131 contains a provision, introduced by Mr. Gejdenson as H.R. 4806, to temporarily suspend the column 1 (MFN) rate of duty until September 30, 1984, on uncompounded allyl resins.

Section 132 contains a provision, introduced by Mr. Downey as H.R. 5811, which provides a reduction in the column 1 (MFN) rate of duty on caffeine from the current level of 8.5 percent to 6 percent until December 31, 1983. This duty will currently reduce, as a result of the Multilateral Trade Negotiations, to 8 percent on January 1, 1983.

Section 133 contains a provision, introduced by Mr. Guarini as H.R. 5041, to extend the temporary suspension of the column 1 (MFN) rate of duty on natural graphite which expired on June 30, 1981, until January 1, 1985.

Section 134 contains a provision, introduced by Mr. Vander Jagt as H.R. 4641, to provide for the temporary suspension of the column 1 (MFN) rate of duty on copper scale until September 30, 1985.

Section 135, as amended, contains a provision, introduced by Mr. Vander Jagt as H.R. 5554, which provides, until September 30, 1984, temporary suspension of the column 1 (MFN) rate of duty on clock radios which have solid state clocks and the radio portion of other clock radios. The Committee amended the provision by changing the entry value limit for qualification from $50 per unit to $40 per unit and adding a phrase declaring that these clock radios cannot be in combination with any other unit.

Section 136 contains a provision, introduced by Mr. Rostenkowski as H.R. 5823, which provides until June 30, 1986, a continued suspension of the column 1 (MFN) rate of duty on certain bicycle parts.

Section 137 contains a provision, introduced by Mr. Broyhill as H.R. 5884, which temporarily suspends until September 30, 1985, the column 1 (MFN) rate of duty on machines designed for heat-set, stretch texturing of continuous manmade fibers.

Section 138 contains a provision, introduced by Mr. Broyhill as H.R. 5839, which temporarily suspends until September 30, 1985, the column 1 (MFN) rate of duty on single cylinder, fine gauge hosiery knitting machines and double cylinder jacquard hosiery knitting machines.

Section 139 contains a provision, introduced by Mr. Martin of North Carolina as H.R. 4155, to temporarily suspend the column 1 (MFN) rate of duty on double-headed latch needles until June 30, 1985.

Section 140 contains a provision, introduced by Mr. Sawyer as H.R. 4602, to temporarily suspend, until September 30, 1984, the column 1 (MFN) rate of duty on externally powered electric prosthetic devices and their parts.

Section 141 contains a provision, introduced by Mr. Scheuer as H.R. 6268, which temporarily suspends until December 31, 1986, the column 1 (MFN) rate of duty on small toy and novelty items valued not over 5 cents per unit and jewelry valued not over 1.6 cents per piece.

Section 1432, as amended, contains a provision, introduced by Mr. Guarini as H.R. 5764, to temporarily suspend until December 31, 1985, the column 1 (MFN) rate of duty on stuffed dolls, skins for stuffed dolls, skins for stuffed toy figures of animate and inanimate objects, and stuffed or filled toy figures of inanimate objects. The Committee amended the provision by deleting doll clothing and stuffed animate objects from the proposed duty suspension.

Section 201, as amended, contains a provision, introduced by Mr. Frenzel as H.R. 5170, to allow business documents to enter the U.S. in a no-entry-required status as "intangibles". Such documents primarily enter duty-free as provided in TSUS item 870.10. In addition, the provision would prohibit nominal consignees from conducting customs business on behalf of any other person unless the consignee is a licensed customhouse broker. The Committee amended the provision by deleting a requirement that the business documents herein discussed be in conjunction with operations "conducted outside the United States" and by deleting a reference to the nationality of the author of drawings or blueprints. The provision was further amended in reference to consignees to state that "when a consignee declares on entry that he is the owner or purchaser of merchandise, the appropriate customs officer may, without liability, accept the declaration" and to provide a necessary conforming amendment.

Section 202 contains a provision, introduced by Mr. Schulze as H.R. 4690, which would allow articles to be delivered into successive customs bonded storage warehouses as long as the ultimate purpose remains that of export. Under current law, articles withdrawn from a bonded manufacturing warehouse may be delivered only to a bonded storage warehouse at an exterior port for the sole purpose of immediate export.

Section 203 contains a provision, introduced by Mr. de Lugo as H.R. 5758, to encourage production of watches in the insular possessions of the United States. Section 203 provides a rebate of duties paid on other watch imports for the industry on a by-company basis which would reflect the amount of insular possessions' labor content in the watches, eliminating the existing limit of 70 percent foreign content, establishing the annual limit on duty-free entry at 7 million units which can be adjusted downward by no more than 10 percent in any one year or upward by no more than 20 percent in any one year, and continuing to provide country allocation authority to the Secretaries of Commerce and Interior.

Committee Action

The Subcommittee on Trade held hearings May 17 and May 26, 1982, on each of the original bills incorporated in H.R. 6867, as introduced as of those dates. Testimony was received from the Administration and public witnesses, including suggested amendments. The Subcommittee on June 22, 1982, favorably considered

each of those bills and ordered them embodied in an omnibus bill, H.R. 6867, for favorable consideration by the full Committee on Ways and Means.

The Committee, on September 15, 1982, considered the bill, with amendments, and ordered the bill favorably reported by voice vote to the House of Representatives.

SECTION-BY-SECTION ANALYSIS AND JUSTIFICATION INCLUDING COMPARISON WITH PRESENT LAW

SECTION 1.—AMENDMENT OF TARIFF SCHEDULES

Section 1 applies to all other sections of the bill. It states that any amendment or repeal expressed in terms of an amendment to, or repeal of, a scheduled, item, or other provision, the reference shall be considered to be made to a schedule, item, or other provision of the Tariff Schedules of the United States (TSUS).

SECTION 101.—FURS FROM CHINA

(Originally introduced as H.R. 5707 by Mr. Gibbons)

Section 101 would repeal an existing embargo on the importation of seven types of furskins from the People's Republic of China. The current embargo, which applies both to the Republic of China and the U.S.S.R., bans the U.S. import of mink, fox, muskrat, marten, weasel, ermine, and kolinsky furskins. It would amend headnote 4 to subpart B of part 5 of schedule 1 by striking out "or of the People's Republic of China". The headnote currently reads as follows:

> The entry, or withdrawal from warehouse, for consumption of ermine, fox, kolinsky, marten, mink, muskrat, and weasel furskins, raw or not dressed, or dressed, which are the product of the Union of Soviet Socialist Republics or of the People's Republic of China is prohibited.

In 1951, during the Korean conflict, an embargo was imposed on the importation of certain furskins from the U.S.S.R. and from the People's Republic of China. This list of furskins included mink, fox, muskrat, marten, weasel, ermine, and kolinsky. In 1963, this embargo was incorporated into the TSUS. The Committee on Ways and Means and the House approved repeal of the embargo with respect to both the Soviet Union and China in 1970. The measure did not pass the Senate, however, prior to adjournment.

The Chinese have brought this embargo up as an impediment to the mutually desired U.S.-China trade expansion. This was most recently discussed during the 1981 Trade Mission to the Far East. The effect of lifting the ban on Chinese imports is expected, by those on the Trade Mission, to be seen as a minor but not disruptive increase of U.S. imports of mink.

While a ban has existed on the seven referenced furs, imports of other furskins have continued from China and totalled $1.1 million in the first 10 months of 1981.

The domestic industries which would be affected are those that produce furskins and those that dress furskins and manufacture garments. Furskins are derived either from animals (usually mink

and, to a lesser extent, foxes) raised in captivity on fur farms or ranches or from the wild catch of trappers and hunters.

In 1980, the latest year for which data are available, there were 1,122 mink ranches in the United States; this number has not changed appreciably in recent years. The leading States (in number of mink ranches) and percent of total U.S. mink ranches are shown in the tabulation below:

State	Number of mink ranches	Percent of U.S. total
Wisconsin	267	24
Utah	190	17
Minnesota	158	14
Idaho	50	4
Iowa	49	4
All other	408	36
Total	1,122	100

Officials of the National Board of Fur Farmers, an industry trade association, indicate that almost all fur farms are small-scale, family-owned businesses and that no individual or small group accounts for a significant share of the industry's sales.

There are an estimated one million to two million individuals who trap and hunt for furskins in the United States but only a small portion derive a significant income from such activities and no one individual or firm accounts for a significant part of the trapping industry.

Only three of the furskins enumerated are provided for separately in the TSUS. These are fox, marten, and mink. In 1981, imports of these furskins totalled $126.5 million (80 percent of which was mink) with the leading suppliers being Denmark, Finland, Norway, and Canada. Furskins in the basket categories had a 1981 import value of $29 million and were primarily from Greece, New Zealand, France, and West Germany.

Furskins, as addressed by section 101, are included in items 123.50 through 124.80 and have duty rates ranging from 3.7 percent ad valorem to 14.6 percent ad valorem for column 1 entries.

SECTION 102.—CERTAIN FISH NETTING AND FISH NETS

(Originally introduced as H.R. 4002 by Mr. Studds)

Section 102, as amended, would accelerate the scheduled column 1 (MFN) duty reduction on item 355.45, "other fish netting and fishing nets (including sections thereof), of textile materials," by implementing the planned MFN rates earlier than scheduled. The 1984 rate would be implemented in 1983, the 1986 rate in 1984, the 1988 rate in 1985, and the 1989 rate of 17 percent ad valorem in 1986. The column 2 rate of duty would remain at 82 percent ad valorem. It amends subpart C, part 4, schedule 3, item 355.45 of the Tariff Schedules of the United States by inserting a schedule to implement the above discussed schedule.

Fish netting is usually referred to as "webbing" by fishermen, to distinguish it from rigged nets which are ready to be used in actual

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fishing operations. Most fish netting produced in the United States is made primarily of yarn or twine of manmade fibers which is knitted or knotted together by machine forming piece goods of uniform meshes. The size of the twine and of the mesh depends on the particular use for which the netting is intended. Nets of fine twine and small meshes are used to catch smaller fish.

There are approximately 12 firms located in 10 States producing fish netting and fishing nets in the United States. Some of these firms have fewer than 10 employees while others have over 100. Total employment in the industry is estimated to be approximately 1,000 persons. In addition, numerous individual fishermen and small net shop operators purchase netting of both foreign and domestic origin and assemble their own nets.

Domestic producers have stated that they have both the technical capability and manufacturing capacity to produce the full range of fish netting and fishing nets imported into the United States, although admittedly at a given time certain netting may not be under actual production.

Under existing law, fish netting and fishing nets (including sections thereof) of textile materials (of manmade fibers) are classified under item 355.45 and are dutiable at the compound duty rate of 21 cents per pound plus 30.6 percent ad valorem. This item is scheduled for staged duty reduction and the rate of duty will reduce from its present value to a value of 6 cents per pound plus 20.9 percent ad valorem by January 1, 1987. In addition, beginning on January 1, 1988, the duty will be further reduced to 3 cents per pound plus 18.9 percent ad valorem, and finally, on January 1, 1989, it is scheduled to be reduced to 17 percent ad valorem permanently. The subject fish nettings and fishing nets are not eligible for duty-free treatment under the Generalized System of Preferences (GSP).

The Committee amended the provision to provide early implementation of the scheduled duty reductions rather than going immediately to the 17 percent ad valorem level.

SECTION 103.—CERTAIN FOURDRINIER WIRE

(Originally introduced as H.R. 4494 by Mr. Goodling)

Section 103 would establish a new item, 642.31, in the Tariff Schedules of the United States providing duty-free treatment for Fourdrinier wire suitable for use in capacitor papermaking machines. Other Fourdrinier wire would continue to be dutiable under another new item, 642.32. The column 1 (MFN) rate of duty would be 19.4 percent ad valorem. The LDDC column duty rate would be 10 percent ad valorem, and the column 2 duty rate would be 75 percent ad valorem.

Fourdrinier wire suitable for use in capacitor papermaking machines is, like other types of metal Fourdrinier wire, a finely woven wire screen that has been welded into a continuous belt. It is made on looms, in a variety of weaves, of either stainless steel or bronze, and is fitted on the rolls of a paper machine. In the papermaking process, water and fibers are deposited on this screen and as the water partially drains off, the remaining fibers interlace and form a moist web of paper fiber of near-uniform consistency.

Fourdrinier wire used for making capacitor paper is distinguished from other types of Fourdrinier wire by its mesh count, i.e., the number of wire in warp (lengthwise wire) or shute (crosswise wire) per linear inch. It has a warp mesh count of approximately 240 to 246 mesh per linear inch, whereas Fourdrinier wire used for producing most other types of paper has a warp mesh count of 60 to 70 mesh per linear inch. In general, higher mesh counts are used for producing finer quality paper.

Capacitor paper serves as an insulating component in a capacitor, keeping stored electrical charges contained. It is very thin and of uniform thickness (.00025 inch to .001 inch), and it is impervious to electrical currents. Its shute ranges from 72 to 76 mesh per linear inch. It is vital to the electronics industry, the electric motor industry, and various other industries.

The domestic Fourdrinier wire industry consists of 11 producers employing approximately 2,000 workers. However, none produce the type of Fourdrinier wire used in capacitor papermaking machines.

The column 1 rate became effective January 1, 1982, and is the third in a series of progressive duty reductions negotiated in the Tokyo round of the Multilateral Trade Negotiations. These reductions will occur annually until 1987 when the final rate of 10 percent ad valorem is reached. Item 642.30 is eligible for preferential treatment under the Generalized System of Preferences, and therefore duty-free treatment is provided to designated beneficiary developing countries.

SECTION 104.—CLASSIFICATION OF DOLLS AND CERTAIN TOY FIGURES

(Originally introduced as H.R. 5764 by Mr. Guarini)

Section 104 would provide definitions and a realignment of the Tariff Schedules of the United States with respect to stuffed dolls, doll skins, and certain toy figures. These definitions and realignments are to allow for certain duty suspensions provided in section 142 of this bill.

U.S. Customs feels that for the duty suspensions proposed under section 142 to be administerable, the definitions provided by this section are necessary.

SECTION 105.—BUTTON BLANKS OF CASEIN

(Originally introduced as H.R. 5080 by Mr. Ratchford)

Section 105 would provide duty-free treatment to button blanks of casein by establishing a new item and by appropriately amending the Tariff Schedules of the United States subpart A headnote of part 7 of schedule 7. It establishes two new items, 745.41 and 745.42, in lieu of item 745.40. Item 745.41 provides for column 1 (MFN) duty-free treatment of button blanks of casein, and item 745.42 provides for all other button blanks, as was formerly provided for in item 745.40.

Casein is a substance made from a milk by-product which is sometimes used in producing buttons. The casein is dried into a powder after being mixed with a catalyst and stabilizers. Casein button blank production is a process which usually begins with the

blending of casein powder with coloring. The substance is then processed into a semi-liquid state that has the consistency of soft dough. The soft dough-like material is put through an extruding machine where long rods are formed. These rods are sliced into discs, and the discs are placed in formaldehyde for approximately 20 days for curing. The discs are then classified by thickness since some shrinkage does take place during curing. Another, but less frequently used, method of producing casein button blanks involves returning the powdered casein to a semi-liquid state and placing the substance in button molds.

Casein buttons are used for outerwear such as on work gloves, uniforms, and ladies' and men's raincoats and overcoats. They are considered high fashion items which are produced to imitate buttons of horn. Casein buttons are not thermoset in the manufacturing process and tend to warp at high temperatures. There has been no domestic production of casein button blanks since 1979. Therefore, U.S. producers of casein buttons must import casein button blanks which they manufacture into finished buttons by drilling and polishing operations.

Imports of button blanks, including those of casein, are provided for under item 745.40—"Button blanks and molds, and parts of buttons". The current column I rate of duty is 22.1 percent ad valorem, the LDDC rate is 11.4 percent ad valorem, and the column 2 rate is 45 percent ad valorem. Articles imported under this item are not eligible for purposes of the Generalized System of Preferences.

As a result of the Multilateral Trade Negotiations, the column 1 rate of duty for imports under item 745.40 is scheduled for reduction in annual stages to the full concession value of 11.4 percent ad valorem, effective January 1, 1987.

All the tariff concessions negotiated under the Multilateral Trade Negotiations would still apply to the new item 745.42.

SECTION 106.—MATERIALS CERTIFIED BY NASA

(Originally introduced as H.R. 4844 by Mr. Fuqua)

Section 106 provides duty-free treatment to articles for the National Aeronautics and Space Administration (and other articles launched into space under launch services agreements with NASA) if NASA certifies that such articles are to be launched into space, are spare parts, or are necessary and uniquely associated support equipment for use in connection with a launch into space.

In addition, the bill would provide that materials being returned from space by NASA would not be considered an importation and thereby entry of such materials would not be required.

Section 106 would amend subpart A, part 3, schedule 8 of the Tariff Schedules of the United States by adding a new item 837.00 to provide duty-free treatment for both column 1 (MFN) and column 2 countries for entry of NASA materials as specified below:

> Article for NASA and articles launched into space under launch services agreements with NASA: Materials certified by it to the Commissioner of Cutoms to be launched

into space, spare parts, or necessary and uniquely associated support equipment with a launch into space.

In addition, section 106 creates an associated headnote which would allow articles returned from space to not be considered importations.

Currently, NASA is addressing primarily the Spacelab flight units made by trhe European Space Agency and the Remote Manipulator System made in Canada for the Space Shuttle program. NASA estimates that they will incur duties totalling $19.6 million during the years 1982 through 1985 on these two major items.

At present, many of NASA's imports of materials purchased for launch are classified in item 851.60. This item includes instruments and apparatus entered for the use of any public or private nonprofit institution, established for educational or scientific purposes, where no instrument or apparatus of "equivalent scientific value" is manufactured in the U.S. The articles entered under item 851.60 are free of duty.

However, under the terms of headnote 6, part 4, schedule 8, only certain articles are "instruments and apparatus" eligible for duty-free entry as provided in item 851.60. Duty must be paid on all other materials unless otherwise exempt. In addition, prior to the entry of each article under item 851.60, the institution wishing to import must apply for permission to do so with the Secretary of the Treasury. The importation also must be approved by the Secretary of Commerce. The reviewing authorities must determine if the article in question is among those enumerated by the above headnote and ascertain that no article of "equivalent scientific value" is domestically available. Appeal of any such findings mut be made to the Court of Customs and Patent Appeals: Appeals may deal only with questions of law. If after this process the application is rejected, then the appropriate rate of duty for the article based on its classification elsewhere in the TSUS must be paid or the purchase cancelled.

Under proposed item 837.00, NASA would be permitted to certify that materials being imported were either to be launched into space, to be spare parts, or to be "necessary and uniquely associated support equipment" for a launch. Items thus certified to the Commissioner of Customs would be free of duty at importation, while non-launch-related materials would still be handled under the process of item 851.60 or classified elsewhere if not within the headnote's definition. The new item would include both NASA's purchases and the temporary importations under launch contracts with NASA, and would provide duty-free entry to eligible articles from any country. There is no requirement that a comparable domestic article be unavailable.

Present law does not provide specifically for the treatment of satellites of foreign origin which are to be retrieved intact by the Space Shuttle, since such retrieval has been impossible. Other articles, such as rockets and space capsules, which fall to earth are classifiable (if entry is made) in either item 800.00 or item 801.00, depending upon their place of manufacturer, and are free of duty. When satellite retrieval begins, they may be classified in these

items unless drawback is claimed or imported temporarily under bond.

SECTION 121.—CANTALOUPES

(Originally introduced as H.R. 5790 by Mr. de la Garza)

Section 121 would provide, until June 15, 1985, column 1 (MFN) duty-free entry of fresh cantaloupes during the period from January 1 to May 15 of each year. Fresh cantaloupes entered during this period are currently provided for in item 148.17 of the Tariff Schedules of the United States and incur a duty of 35 percent ad valorem for both column 1 and column 2 entries.

Section 121 would modify the Appendix to the TSUS by adding a new item 903.65 for this purpose.

The purpose of the legislation is to make imports of fresh cantaloupes duty-free during the period when there is little or no domestic production of fresh cantaloupes.

Cantaloupes require a long growing season and are susceptible to a number of diseases that effectively limit the areas where they can be grown. Cantaloupes are produced commercially in at least 25 States, but more than 90 percent of the crop is harvested in California, Texas, and Arizona.

Total U.S. production of cantaloupes increased irregularly from 1.1 billion pounds, valued at $114 million, in 1977 to 1.3 billion pounds, valued at $188 million, in 1981. U.S. production of cantaloupes has averaged about 1.2 billion pounds annually since the 1950's. Production during the period covered by the provision (January 1–May 15), believed to account for 5 percent of total U.S. production, also increased during 1977–81. The cantaloupe harvest is highly seasonal. The shipping season normally begins in late April or early May for cantaloupes produced in Arizona, California, and Texas; the bulk of the shipments are made during June through August.

During 1977–81, total U.S. imports of cantaloupes ranged from 196 million pounds, valued at $21 million, in 1978 to 138 million pounds, valued at $19 million, in 1981. Data are not separately reported for the period covered by the provision—January 1–May 15. However, imports for January 1–May 31, 1977–81 were as follows:

January–May	Quantity (million pounds)	Value (million dollars)
1977	145.0	16.3
1978	189.7	20.5
1979	187.0	21.5
1980	162.4	19.5
1981	125.5	181.

On a quantity basis, 92 percent of the cantaloupes imported into the United States during 1977–81 entered during the period January–May. Mexico is by far the leading source of imported cantaloupes, supplying 38 percent of the total imports in 1981. Honduras and Costa Rica also supply small quantities. In 1981, 2 percent of the imports of cantaloupes entered duty-free from GSP-eligible suppliers.

U.S. consumption of cantaloupes averaged about 1.4 billion pounds annually during 1977–81. On an annual basis, imports supplied from 10 to 15 percent of consumption. About three-fourths of the consumption during the period January 1–May 15 is supplied by imports; such consumption is believed to have averaged about 220 million pounds annually during 1977–81.

Present law provides a varied tariff level depending on the time of year the fresh cantaloupes are entered. The chart below will explain.

Period of entry	Column 1	LDDC [1]	Column 2
Aug. 1 to Sep. 15	20% ad valorem	30% ad valorem	
Dec. 1 to Mar. 31	35% ad valorem	35% ad valorem	
Any other time	35% ad valorem	35% ad valorem	

[1] LDDC rates are the same as column 1 unless otherwise provided

Fresh cantaloupes entered during the period covered by this provision are not eligible for duty-free treatment under the Generalized System of Preferences.

SECTION 122.—HATTERS' FUR

(Originally introduced as H.R. 5386 by Mr. Derwinski)

Section 122 would provide duty-free treatment of column 1 (MFN) entry of hatters' fur until December 31, 1985. The provision would suspend the existing duty of 15 percent ad valorem on column 1 entries but would not affect the 35 percent ad valorem duty on column 2 entries. Hatters' fur is provided for as item 186.20 of the Tariff Schedules of the United States.

This provision was introduced on behalf of Stratton Hats, Inc., of Bellwood, Illinois, and more specifically their Winchester, Tennessee, division, Winchester Hat Corporation. Stratton imports hatters' fur (not on the skin) for their Winchester plant where rough bodies for hats are formed. About 30 percent of these "hoods" (as they are known in the industry) are sent to Stratton in Bellwood for finishing into fur felt hats for uniformed forces. These hats sell for over $30 each. The remaining hoods are manufactured at Winchester into Western hats and other civilian fur felt hats.

There is no rabbit variety in the U.S. the fur of which is suitable for making fur felt hats. Imports appear in three forms, all of which result in the end product:

1. Undressed rabbit pelts are entered duty-free by hatters' fur cutters from which domestic labor produces hatters' fur and then finished hats. The high-cost domestic labor employed causes this to be a non-injurious procedure as viewed by Stratton.

2. Semi-finished hats (hoods) and finished hats are imported at a duty of 3.1 percent ad valorem plus $2.13 per dozen or duty-free from GSP-eligible countries. The finished hats are marketed and the hoods are finished and then marketed. Stratton sees the GSP duty-free import of hat bodies as being very injurious to their business.

3. Hatters' fur is imported at a duty rate of 15 percent ad valorem, converted by domestic labor to hoods and then to finished hats (this is Stratton's procedure).

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It is the duty on imported hatters' fur of 15 percent from which temporary relief is sought.

Five firms are believed to account for nearly all of the domestically produced hoods and fur felt hats. These firms, however, have subsidiaries and plants located throughout the United States, with much of the hatters' fur reported to be produced around New York City and Newark, New Jersey. Although the firms occasionaly sell hatters' fur or hat bodies to each other, most of the production of hatters' fur and hoods is captive production for producing their own fur felt hats. Imports of hatters' fur were valued at $2.6 million in 1981 with France and the Federal Republic of Germany being the major suppliers.

No staged reductions are provided for under the Multilateral Trade Negotiations and the item is eligible for duty-free entry under the Generalized System of Preferences.

SECTION 123.—NEEDLECRAFT DISPLAY MODELS

(Originally introduced as H.R. 6396 by Mr. Gibbons)

Section 123 would provide column 1 (MFN) duty-free treatment, until June 30, 1985, to imports of "needlecraft display models which are replicas of needlecraft kits." The column 2 duty would not change. Section 123 would amend the Appendix to the Tariff Schedules of the United States by inserting items numbered 906.10 and 906.12 to provide this duty suspension for needlecraft display models of the following:

Article	TSUS item
Nowoven fabrics of felt	355.16
Latch hook rugs	360.70 & 360.78.
Tapestries of vegetable fibers, or wool, or of manmade fibers	364.18, 364.23, 364.30.
Net furnishings of cotton	365.78.
Net furnishings of vegetable fibers, except cotton	365.84.
Net furnishings of wool and manmade fiber	365.84 & 368.86.
Other furnishings (wall hangings) of cotton	366.79.
Other furnishings (wall hangings) of manmade fibers	367.60.
Baby bibs and aprons	383.03, 383.08, 383.20, 383.50.
Other lace or net articles	386.04 & 386.06.
Other lace or net articles of vegetable fibers, except cotton and of manmade fibers	386.09.
Other nonspecified articles	386.50.
Other nonspecified articles not of pile or tufted construction, of wool	388.40.
Other nonspecified articles, excluding tents and shoe uppers	389.62

Finished needlework is rarely sold commercially because the hand labor is too expensive. The primary business is in needlecraft kits whereby people provide their own labor to complete needlecraft articles. These kits contain all needed components such as matting, cloth, yarn, needles, etc. Needlecraft kits are sold at a variety of stores throughout the country. The supporters of this provision report that sales of kits improve greatly when a display model is made available at the display counter.

Reportedly, all of these display models are stitched abroad and imported with Haiti being the primary source. The duties prove to be a significant factor in the price of the display models with

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column 1 duty rates ranging from free (under GSP) to 39.7 percent ad valorem.

Haiti would be the primary country to benefit from a duty suspension. The items in question (except for one) are not eligible for duty-free treatment under the Generalized System of Preferences and, even if such an arrangement were made for needlecraft display models, Haiti would be disqualified after the first year because they supply an estimated 80 percent to 90 percent of the imports.

For purposes of legislative history, it is intended that this provision does not cover any items which are imported under the TSUS items expressed, unless they are needlecraft display models.

SECTION 124.—CERTAIN GOWNS AND SURGICAL DRAPES

(Originally introduced as H.R. 5891 by Mr. Gibbons)

Section 124 would amend the Tariff Schedules of the United States to provide a temporary reduction in duties on disposable gowns and surgical drapes made of bonded fiber fabric and designed for use in hospitals, clinics, laboratories, and contaminated areas. The reduction would be in effect until January 1, 1988. The provision would equalize the rates of duty between paper products and the bonded fiber fabric products. This would be accomplished by reducing the column 1 (MFN) duty to 5.6 percent ad valorem from 32 percent ad valorem equivalent on disposable gowns and from 21 percent ad valorem equivalent on surgical drapes. Similar paper products have a column 1 duty rate of 5.6 percent ad valorem. The column 2 duties would be reduced to 26.5 percent ad valorem from 76 percent on disposable gowns and drapes. Section 124 would insert a new item 905.50 for this purpose.

The articles under consideration for temporary duty reductions are made from bonded fiber and—like their counterpart paper products—are designed for one-time use in hospitals, clinics, laboratories, or contaminated areas. The apparel consists of gowns. The surgical drapes are sheet-like covers used in operating rooms. The gowns and drapes made from bonded fiber fabric or paper are often sterilized and treated with antistatic, antimicrobial, or other chemicals.

There are approximately 10 firms producing disposable hospital gowns and surgical drapes in the United States. The two largest firms are American Converters Division of American Hospital Supply Corp., and Surgikos, a division of Johnson and Johnson. Both producers are located in Texas, and account for approximately 70 percent of the U.S. market. The Kimberly-Clark Co., Neenah, Wisconsin, which has requested this provision, accounts for about 5 percent of the market.

The two leading firms as well as several of the smaller companies make use of item 807.00 in the manufacture of disposable hospital apparel. Converters and Surgikos together employ approximately 1,000 people in the United States, and about 3,000 people in Mexico to perform the assembly operations. Kimberly-Clark employs approximately 20 people in the United States who are directly involved in the manufacture of disposable apparel and 600 workers in Mexico. With the exception of Surgikos, these firms produce

disposable hospital gowns and surgical drapes from both paper and from bonded fiber fabric. Surgikos produces these items in paper or paper reinforce with manmade fibers.

It is estimated that approximately 90 percent of the domestic production of disposable gowns and drapes consists of items assembled in Mexico. In addition, the Dominican Republic is an importer of disposable gowns and drapes but in small quantity.

These articles are provided for in the Tariff Schedules of the United States in items 379.96, 383.92, and 389.62 and are scheduled for staged reductions under the Multilateral Trade Negotiations of 1979. These items are not eligible for duty-free treatment under the Generalized System of Preferences. Disposable gowns and drapes of paper are eligible for the Generalized System of Preferences, unless a product of Mexico.

Disposable gowns and drapes of bonded fiber fabric are under control of the Multifiber Arrangement (MFA), but not currently under restraint.

It is the intent of the Committee on Ways and Means that the disposable gowns herein discussed are those for medical use and not those for industrial uses.

SECTION 125.—P-HYDROXYBENZOIC ACID

(Originally introduced as H.R. 5498 by Mr. Schulze)

Section 125, as amended, would amend the Appendix to the Tariff Schedules of the United States to provide, until September 30, 1985, temporary duty-free treatment to column 1 (MFN) imports of p-Hydroxybenzoic acid. This would be accomplished by establishing a new item 907.00 for that purpose. This provision would suspend the current duty as provided in item 404.44 of 11.3 percent ad valorem for column 1 entries and 7 percent ad valorem for LDDC entries. No change would occur for column 2 entries.

p-Hydroxybenzoic acid is a nontoxic chemical synthetically produced from petroleum. It is used primarily to produce a number of different esters (e.g., methyl, ethyl, propyl and butyl) known as "parabens." The "parabens" are used as an antimicrobial agent for cosmetics, food, and pharmaceuticals. They are nontoxic and approved by the Food and Drug Administration.

Other (minor) uses for p-Hydroxybenzoic acid are as a monomer in the synthesis of plastics, fibers, and synthetic adhesives; and as an intermediate in the production of other organic chemicals (e.g., drugs).

At the present time, p-Hydroxybenzoic acid is not commercially produced in the United States. The major domestic producers, including Tenneco Chemicals, stopped production of this chemical several years ago, reportedly due to increasing production costs and declining profits.

Some industry sources have stated that future domestic production of this chemical is unlikely because the cost to build and operate a plant profitably cannot be justified by current and contemplated domestic demand. That is, such a plant necessarily would produce large amounts of this chemical to operate efficiently and these sources believe it to be unlikely that sufficient export markets could be established to consume the quantity of acid remain-

ing after satisfaction of domestic market requirements because of perceived competition from foreign producers.

Despite these statements from some industry sources, one domestic chemical firm recently started a pilot plant to produce small quantities of this chemical. This firm hopes to sell this chemical domestically sometime in the future.

In 1981, U.S. imports of p-Hydroxybenzoic acid, by quantity amounted to 2.2 million pounds. The sources of these imports in 1981 were West Germany, Japan, and Taiwan.

Item 404.44 is scheduled for staged reductions of column 1 rates under the 1979 round of the Multilateral Trade Negotiations as shown below:

Date	Item 404.44 duty rate (column 1)
January 1, 1982	11.3% ad valorem.
January 1, 1983	10.4% ad valorem.
January 1, 1984	9.6% ad valorem.
January 1, 1985	8.7% ad valorem.
January 1, 1986	7.9% ad valorem.
January 1, 1987	7.0% ad valorem.

The tariff item is not eligible for duty-free treatment under the Generalized System of Preferences.

The Committee amended the provision to change it from permanently duty-free to a three-year duty suspension.

SECTION 125.—TRIPHENYL PHOSPHATE

(Originally introduced as H.R. 5730 by Mr. Gephardt)

Section 126, as amended, would amend the Appendix to the Tariff Schedules of the United States to provide temporary duty-free entry of triphenyl phosphate until September 30, 1985. It would provide a new item 907.03 for this purpose. Tripheny! phosphate is currently provided for in 404.48.

Triphenyl phosphate (TPP) is a colorless, odorless crystalline powder. It is used principally as a fire-retarding agent and as a plasticizer of cellulose acetate and nitrocellulose which are used in the manufacture of photographic and other films. TPP reduced the flammability of these films and increases their flexibility, making them safer and easier to handle. More than 75 percent of all TPP produced is used in these applications.

Monsanto Co. and Eastman Kodak Co. were the only domestic producers of TPP in 1981. Monsanto has indicated that they permanently ceased production of this product during 1981. It is estimated by industry observers that most of Eastman Kodak's production is consumed captively in their photographic film manufacturing operations. As a result, U.S. open market demand for TPP is likely to be satisfied principally by imports in the future.

Industry sources did estimate that annual domestic consumption of TPP was less than 10 million pounds in 1981 and is not expected to exceed that figure in the near future.

Triphenyl phosphate, currently classified in item 404.48, has tariff treatment as follows:

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Item	Col. 1 (MFN)	LDDC	Col. 2
404.48	12.1% ad val.	7.2% ad val.	7 cents/lb. plus 43% ad val.

In addition, item 404.48 is scheduled for staged reductions under the Multilateral Trade Negotiations as follows:

January 1, 1983	11.1% ad. val.
January 1, 1984	10.1% ad. val.
January 1, 1985	9.2% ad. val.
January 1, 1986	8.2% ad. val.
January 1, 1987	7.2% ad. val.

The Committee amended the provision to change it from permanently duty-free to a three-year duty suspension.

SECTION 127.—BIS(4-AMINOBENZOATE)-1,3 PROPANEDIOL (TRIMETHLYENE GLYCOL DI-P-AMINOBENZOATE)

(Originally introduced as H.R. 5499 by Mr. Shannon)

Section 127 would amend the Tariff Schedules of the United States to provide an additonal three-year suspension of the duty on the column 1 (MFN) entry of Bis(4-aminobenzoate)-1,3 propanediol (trimethlyene glycol di-p-aminobenzoate). The duty on this article is currently suspended until June 30, 1983; enactment would extend the suspension until June 30, 1984. Without suspension the article would incur the following duty rates:

Item	Column 1	LDDC	Column 2
405.08	1.7 cents per pound plus 15.6% ad val.	Same as Col. 1	7 cents per pound plus 50% ad val.

Section 127 would amend item 907.05 by changing the effective period and date from "6/30/83" to "6/30/84".

Trimethylene glycol di-p-aminobenzoate is known in the industry as TMAB. TMAB is a diaminic curing agent developed by Polaroid and is used for coatings on Polaroid camera products. Polaroid reports it to be suitable also for a wide range of products including roller skate wheels, and applications in heavy machinery and in nuclear weapons. TMAB was developed as a substitute for a chemical commonly known as MOCA (a potential carcinogen). MOCA is currently used throughout the U.S. in the urethane industry but is not manufactured in the United States. In 1973, OSHA published a standard setting a zero exposure limit for MOCA but the ruling was overturned in appeals court which did, however, uphold OSHA's right to set exposure limits in light of scientific data as to the carcinogenity of MOCA. TMAB is considered by industry sources to be the closest substitute for MOCA.

The cast urethane industry is dependent on MOCA or a MOCA substitute. Like MOCA, TMAB is not produced in the United States. Polaroid imports TMAB from a single source in Sweden while MOCA is imported primarily from Japan. Polaroid's Swedish supplier (Bofors) has signed a supply agreement with Polaroid through June 30, 1983, but does not plan to extend beyond that

date. Polaroid, finding the possibility of any domestic production to be most likely uneconomical, is actively seeking a dependable supplier of TMAB.

In light of the absence of domestic production, Polaroid seeks continued tariff relief as they try to expand the use of TMAB. Polaroid is giving serious consideration to the start of domestic production and, because of this, the one-year suspension of duty is requested.

The article is not subject to duty-free treatment under the Generalized System of Preferences.

SECTION 128.—COLOR COUPLERS AND INTERMEDIATES

(Originally introduced as H.R. 6943 by Mr. Frenzel)

Section 128, as amended, would amend the Appendix to the Tariff Schedules of the United States to continue, until September 30, 1985, the suspension of column 1 (MFN) duty on color couplers and color intermediates. These duties were, until June 30, 1982, suspended under items 907.10 and 907.12 of the Appendix to the TSUS.

Color intermediates are organic chemical compounds which are used in the production of color couplers. A color coupler is a more advanced organic compound which is incorporated in photographically sensitized material. Color couplers are used to make color photographic paper, film, and graphic arts materials.

Color couplers are classified in the TSUS in item 408.41 with a column 1 rate of duty of 16.5 percent ad valorem. The column 2 rate of 7 cents per pound plus 50 percent ad valorem would not be affected by this provision. Color intermediates are classified in TSUS items 402.36 through 406.63 with varying rates of duty. Color couplers are eligible for duty-free entry under the Generalized System of Preferences; color intermediates are not.

Color intermediates and color couplers are produced in the United States principally by Eastman Kodak. All color intermediates and couplers produced by Eastman Kodak are used in captive production of photographic color print paper. 3M produces color print paper, but must import intermediates and couplers from their Italian and English subsidiaries. 3M does produce couplers domestically from imported intermediates but not in sufficient quantity for their needs.

Imports of color couplers were 1,000 pounds values at $200,000 in 1981, 10,000 pounds valued at $800,000 in 1980, and 5,000 pounds valued at $500,000 in 1979.

In that this provision continues a long-standing, noncontroversial suspension of duties and was only by oversight not available for Subcommittee action, the Committee, having determined that there is no objection from the Administration or the private sector, agreed to add this provision to H.R. 6867.

SECTION 129.—ETHYLBIPHENYL

(Originally introduced as H.R. 4642 by Mr. Vander Jagt)

Section 129 would amend the Tariff Schedules of the United States to provide, until June 30, 1985, duty-free treatment to

column 1 (MFN) entry of isomeric mixtures of ethylbiphenyl. This product is provided for in item 407.16 and thereby item 402.52 (the highest category for a component part). The provision would suspend the current column 1 duty of 20.1 percent ad valorem. The column 2 rate of $.07 per pound plus 68.5 percent ad valorem would be unaffected. The provision would amend subpart B of part 1 of the Appendix to the TSUS by adding a new item, 907.14, to accomplish the suspension.

These organic chemical mixtures consisting of 3-ethylbiphenyl and 4-ethylbiphenyl are produced synthetically from petroleum. They are used primarily in the manufacture of heat transfer agents in the production of various resins such as polystyrene. According to the domestic user of these mixtures, there are no domestically produced chemicals which can be substituted at a competitive price.

At the present time, mixtures of 3-ethylbiphenyl and 4-ethylbiphenyl are not produced in the United States. There is also no indication of any domestic production of these mixtures in the past five years. Dow Chemical Co., however, is considering the production of these mixtures in the United States in the future if a viable market for the finished product can be developed. In that Nippon Steel (Japan) holds the U.S. patent, such a venture by Dow would required some type of license arrangement.

In 1980, imports of these mixtures amounted to 141,094 pounds. The only importer was Dow Chemical Co., Midland, Michigan. The imports came from Nippon Steel via Dow's subsidiary firm located in Japan. Official statistics for years prior to 1980 do not separately indicate the level of imports of this product because of its classification in a "basket" provision.

Prior to 1980, there were no exports of these mixtures from the United States. In 1980, Dow Chemical Co. exported approximately 10,000 pounds to its subsidiary firm in Canada.

This provision was introduced on behalf of Dow Chemical Company proposing that, in the absence of a domestic producer, the tariff be suspended.

The column 1 (MFN) duty on item 402.52 is scheduled for staged reductions of approximately 2 percentage points each year to a level of 10.4 percent on January 1, 1987. The mixtures are eligible for duty-free treatment under the Generalized System of Preferences.

Section 129 would suspend the column 1 duty June 30, 1985.

SECTION 130.—DICOFOL

(Originally introduced as H.R. 4913 by Mr. Gibbons)

Section 130 would amend the Tariff Schedules of the United States to reduce, until September 30, 1985, the duty on Dicofol, an insecticide used on many fruit, vegetable, ornamental, and field crops. The provision would reduce the column 1 (MFN) rate of duty from 18.4 percent ad valorem to 11.2 percent ad valorem (1982), reduce the LDDC rate of duty from 12.5 percent ad valorem to 6.9 percent ad valorem and reduce the column 2 rate of duty from $.07 per pound plus 64.5 percent ad valorem to $.07 per pound plus 41 percent ad valorem.

Dicofol, which is entered under item 408.28, would, until September 30, 1985, take on the duty rates of item 408.24. Dicofol would also follow, for the period of the suspension, the Multilateral Trade Negotiations column 1 staged duty reduction schedule of item 408.24.

Dicofol is a synthetically-produced chlorinated insecticide. It is used on many fruit, vegetable, ornamental, and field crops to control various species of mites. There are domestically-produced insecticides used to control mites on certain crops; however, Dicofol has the largest number of registered crop uses.

At the present time, Dicofol is not produced in the United States. In 1979, Rohm and Haas, the only U.S. producers, stopped production at their plant in Philadelphia, Pennsylvania, citing increasing environmental costs as a part of the reason.

In 1980, imports of Dicofol were 2.6 million pounds, almost entirely from Italy and shipped primarily to Rohm and Haas. Industry sources indicate small amounts of Dicofol were imported from Israel under the Generalized System of Preferences. No column 2 imports were reported. During the years preceding 1979 (the year Rohm & Haas ceased production), exports on the order of 1–2 million pounds per year existed and imports were very low. In 1979, imports jumped from a 1978 level near zero to 1.3 million pounds while exports dropped from 1 million pounds (in 1978) to 56,000 pounds.

The two tariff items in question (408.28 and 408.24) were created in the 1979 Trade Agreements Act as a part of the Customs Valuation Agreement. Item 408.24 identified by name those insecticides for which a domestically-produced competitive product did not exist in 1976 and item 408.28 is a basket provision where "competitive" insecticides are classified. In 1976, Dicofol was classified by the Customs Service as a "competitive" product because domestic production did exist and was classified in item 408.28.

Date	Item	
	408.24	408.28
January 1, 1982	11.2% ad val.	18.4% ad val.
January 1, 1983	10.3% ad val.	17.3% ad val.
January 1, 1984	9.5% ad val.	16.1% ad val.
January 1, 1985	8.6% ad val.	14.9% ad val.
January 1, 1986	7.6% ad val.	13.7% ad val.
January 1, 1987	6.9% ad val.	12.5% ad val.

SECTION 131.—UNCOMPOUNDED ALLYL RESINS

(Originally introduced as H.R. 4806 by Mr. Gejdenson)

Section 131 would amend the Appendix to the Tariff Schedules of the United States by adding a new item, 907.16, to provide, until September 30, 1984, the column 1 (MFN) duty-free entry of uncompounded allyl resins as provided for in item 408.96, part 1C, schedule 4. Current column 1 duty is 8.4 percent ad valorem and is scheduled to reduce to a final rate on January 1, 1987, of 5.8 percent under the Multilateral Trade Negotiations.

Allyl resins are a special class of polyester resins from esters of allyl alcohol and dibasic acids. The resins are prepolymers and include two compounds of commercial significance, diallyl phthalate and diallyl isophthalate, known as DAP and DAIP, respectively.

The resins are used to make molding compounds by combining them with fillers, flame retardants, and other additives. The resins are normally sold to plastics fabricators who make the molding compounds. The molding compounds are then sold to end users who convert them to thermoset allyl polymers for use as integral parts of electrical/electronic components. The thermoset polymers, proper, are imported as integral parts of electrical/electronic components which enter under the appropriate TSUS item number for that component.

Industry sources report that about 90 percent of the domestically marketed allyl prepolymer resins are used to produce allyl molding compounds, while 10 percent are used in such other applications as preimpregnated glass cloths and papers, and sealants for metal castings.

DAP and DAIP prepolymer resins exhibit excellent electrical properties such as high insulation resistance and low electrical losses at temperatures in excess of 400°F. Because of these properties, about 75 percent of the DAP and DAIP molding compounds is consumed domestically in the manufacture of high performance electrical/electronic parts such as bobbins, switches, and circuit boards.

The FMC Corporation of Philadelphia, Pennsylvania, was the only domestic producer of DAP and DAIP prepolymer resins. These resins were produced at their Baltimore, Maryland, plant. In mid-1980, FMC Corporation ceased production of both DAP and DAIP prepolymer resins.

FMC cited its inability to recover raw material costs, high capital requirements, and increasing market competition from newer resins—especially engineering thermoplastic resins—as the leading reasons for leaving the DAP and DAIP prepolymer resin business. Cosmic Plastics Inc. of San Fernando, California, a producer of DAP and DAIP molding compound resins and a former purchaser of FMC's DAP and DAIP prepolymer resins, has stated that it will build a new plant to produce its new grades of DAP and DAIP prepolymer resins. A company official stated that Cosmic makes enough DAIP prepolymer resins for its own needs. The firm would not be ready for commercial production until mid-1982, at which time it would be able to supply only part of U.S. demand. This firm reportedly would not be able to meet total U.S. demand for DAP and DAIP prepolymer resins until late 1983.

U.S. demand for DAP prepolymer resins is now being met totally by Osaka Soda of Tokyo, Japan, the only remaining producer of DAP prepolymer resins. Osaka Soda did not start producing the DAIP prepolymer resins until late in 1981 after FMC exited the market. It now also offers DAIP in the United States.

Allyl resins, provided for in item 408.96, are eligible for duty-free treatment under the Generalized System of Preferences.

SECTION 132.—CAFFEINE

(Originally introduced as H.R. 5811 by Mr. Downey)

Section 132 amends the Appendix to the Tariff Schedules of the United States by adding a new item, 907.22, to provide, until December 31, 1983, a column 1 (MFN) duty reduction on caffeine to 6 percent ad valorem. The current duty, as provided in item 437.02, for column 1 (MFN) entries is 8.5 percent and is on a Multilateral Trade Negotiations reduction schedule as shown below:

Date	Schedule
January 1, 1982	8.5% ad valorem.
January 1, 1983	8.8% ad valorem.
January 1, 1984	7.5% ad valorem.
January 1, 1985	7.0% ad valorem.
January 1, 1986	6.5% ad valorem.
January 1, 1987	6.0% ad valorem.

The column 2 rate of 59 percent ad valorem would not change.

As a result of the 1979 Multilateral Trade Negotiations, effective July 1, 1980, the rates of duty for caffeine were changed from specific rates of 25 cents per pound in column 1 and $1.25 per pound in column 2 to ad valorem rates of duty of 9.5 percent in column 1 and 59 percent in column 2. The 9.5 percent rate was the first staged reduction from the 10.4 percent ad valorem equivalent rate converted in accordance with section 601(4) of the Trade Act of 1974. The converted rate of 10.4 percent ad valorem was based upon an ad valorem equivalent of 25 cents per pound obtained by dividing the total calculated duty for imports of that item in 1976 by the corresponding total customs-appraised value. In general, importers felt that a base period later than 1976 should have been used while affected domestic producers felt that an earlier base period should have been used. With prices increasing rapidly each year, an earlier base period would have resulted in higher converted rates while a later year would have resulted in lower converted rates.

The unit value of imported caffeine, for example, increased from $2.40 per pound in 1976 to $4.26 per pound in 1980. So, while the ad valorem equivalent of 25 cents per pound in 1976 was 10.4, it would have declined to 5.9 percent if 1980 had been used as the base year. When the negotiated rates went into effect on July 1, 1980, they had the effect of increasing the duties on caffeine in both column 1 and column 2, because price inflation had reduced the significance of the specific rate.

Pure caffeine is a white, odorless, crystalline powder with a bitter taste. It is one of the xanthine alkaloids and occurs naturally in coffee beans, tea leaves, and kola nuts. Caffeine is a central nervous system stimulant.

Most caffeine is produced by chemical synthesis or as a byproduct of the production of decaffeinated coffee.

The principal end-use for caffeine is in cola soft-drinks. As a drug, caffeine is frequently added to analgesic and cold and allergy

preparations to counteract drowsiness caused by other drugs in the preparations.

In 1980, caffeine was produced domestically by Pfizer, Inc., General Foods Corp., and Certified Processing Corp. Estimated 1980 domestic production was less than 4.6 million pounds.

Imports of caffeine for the last two years were as follows:

[1,000 pounds]

	1980	1981
West Germany	6,026	3,200
Mainland China	171	463
Canada	29	0
All other	1	81
Total	6,227	3,742

SECTION 133.—NATURAL GRAPHITE

(Originally introduced as H.R. 5041 as Mr. Guarini)

Section 133 would amend the Appendix to the Tariff Schedules of the United States item 909.01 to extend the duty suspension on column 1 (MFN) entries of natural graphite. It would amend item 909.01 by striking out "6/30/81" and inserting "12/31/84". Duty will be assessed on entries made between June 30, 1981, and the date of enactment of this provision. The column 2 rate of duty remains unchanged.

Graphite, sometimes called plumbago, is a soft, black unctuous (greasy) form of carbon which is found naturally as a mineral. Graphite is used largely in foundry facings, steelmaking, lubricants, refractories, pencils and batteries.

Foreign supplies of high-grade material are usually readily available and reserves of such material are large. Alternate materials cannot replace natural graphite in many uses, except at substantially higher cost. World resources of graphite are usually adequate to meet anticipated demands. No natural graphite of any type is produced in the United States.

Crystalline flake graphite has been deemed essential to the national defense and has been designated as a strategic material. There have been no shipments of surplus graphite material from the stockpile by the General Services Administration in recent years.

Under existing law, natural crystalline flake graphite, crude and refined (not including flake dust), is provided for in items 517.21 and 517.24 of part 1E, schedule 5. The column 1 rate of duty for item 517.21 (value not over 5.5 cents per pound) is 5.8 percent ad valorem. The LDDC rate of duty is 3 percent ad valorem, and the column 2 rate of duty is 1.65 cents per pound. The duty on item 517.21 is scheduled to be reduced to 3 percent ad valorem by 1987 as a result of the Multilateral Trade Negotiations.

The column 1 rate of duty for item 517.24 (value over 5.5 cents per pound) is 0.3 cents per pound. The column 2 rate of duty is 1.65 cents per pound.

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Until expiration on June 30, 1981, the column 1 rates of duty for these two items had been under suspension since October 2, 1975. These graphite products are eligible for duty-free treatment under the Generalized System of Preferences.

SECTION 134.—COPPER SCALE

(Originally introduced as H.R. 4641 by Mr. Vander Jagt)

Section 134 provides for the temporary suspension of duty on column 1 (MFN) entries of copper scale until September 30, 1985. This would be accomplished by amending the Appendix to the Tariff Schedules of the United States to include a new item, 911.05, for that purpose. The provision references copper scale as provided for in item 603.70, part 1, schedule 6.

Copper scale is low-grade metal-bearing material from which copper metal can be extracted. It is a crusty metallic oxide formed by the cooling of hot copper in air (an occurrence during the fabrication of copper products).

Copper scale is primarily used by secondary smelters and refiners and is normally not traded except when other metals of market value, such as arsenic or selenium, are present.

This provision was introduced on behalf of American Chemet Corporation in Deerfield, Illinois. American Chemet imports copper scale primarily from Canada and refines it to cuprous oxide for use in antifouling marine paint. American Chemet reports that the U.S. copper industry does not produce sufficient quantities of copper scale for their needs and they must import the balance.

Investigation has shown that while cuprous oxide is produced by other companies, copper scale is not the raw material for these companies. These apparently use copper scrap which is already afforded the duty-free treatment.

In addition, no industry has been found that imports copper scale for other purposes that would potentially benefit by this provision. The Commerce Department has contacted manufacturers of antifouling paint and found only neutral response.

Under existing law, the rates of duty as of January 1, 1982, are as shown below:

Item	Column 1	LDDC	Column 2
603.70	6.6% ad val	5% ad val	30% ad val.

In addition, the column 1 rates are scheduled for staged reductions as listed below:

Date	Schedule
January 1, 1982	6.6% ad valorem.
January 1, 1983	6.3% ad valorem.
January 1, 1984	5.9% ad valorem.
January 1, 1985	5.6% ad valorem.
January 1, 1986	5.3% ad valorem.
January 1, 1987	5.0% ad valorem.

SECTION 135.—CERTAIN CLOCK RADIOS

(Originally introduced as H.R. 5554 by Mr. Vander Jagt)

Section 135, as amended, would amend the Tariff Schedules of the United States to provide, until September 30, 1984, suspension of the column 1 (MFN) duty on clock radios which have solid state clocks and the radio portion of other clock radios which are not designed for installation in a motor vehicle, which are valued at less than $40 at entry and which are not in combination with other units. Without the suspension, the articles are subject to duty as follows:

Item	Column 1	LDDC	Column 2
685.24	8.8% ad val.	6% ad val.	35% ad val.

Section 135 would amend the Appendix to the TSUS by inserting a new item 911.95 to accomplish the suspension.

The clock radios which are the subject of this provision are those solid state (tubeless) radio receivers which incorporate a clock or timing mechanism within the same housing. These radios may operate from batteries or house current. They are designed principally for consumer use and for the reception of radio signals from the entertainment broadcast bands; however, such bands are not restricted. For exemple, the radios may receive on other bands such as weather, police or fire, and aviation.

Supporters of this provision submit that there is no domestic production of clock radios and that clock radios are now classified as if they were simply solid state radio receivers.

For each year of the period 1976-79, the U.S. Bureau of the Census listed three of four manufacturers of clock radios. These manufacturers shipped merchandise valued at $8 million to $10 million. The 1980 Census identified only two companies shipping clock radios; the value of shipments in 1980 was not published since only two firms supplied data.

Imports of clock radios were 9.4 million units in 1980 and 9.7 million units in 1981. This is down approximately 10 percent from the 1977-78 levels. Imports in 1980 were valued at $101 million and in 1981 at $108 million. Major suppliers of these imports were as follows:

	Percent of Imports
Country:	
Hong Kong	35
Singapore	35
Japan	10
Taiwan	10

Exports of all types of radios from the U.S. totalled 560,000 units in 1981. The portion of this which is clock radios is unknown.

It is believed that at least 80 percent of the clock radios imported would have duty suspended under this provision.

Entertainment broadcast band receivers are currently provided for in item 685.24 and are scheduled for column 1 staged reductions

under the 1979 Multilateral Trade Negotiations agreement as shown below:

Date	Column 1 duty rate for item 685.24
January 1, 1982	8.8% ad valorem.
January 1, 1983	8.2% ad valorem.
January 1, 1984	7.7% ad valorem.
January 1, 1985	7.1% ad valorem.
January 1, 1986	6.6% ad valorem.
January 1, 1987	6.0% ad valorem.

Also, the item is subject to duty-free entry from countries qualifying for such under the Generalized System of Preferences except for Hong Kong, Singapore, Taiwan, and the Republic of Korea.

The Committee amended the provision by changing the entry value limit for qualification from $50 per unit to $40 per unit and adding a phrase declaring that these clock radios cannot be in combination with any other unit.

SECTION 136.—BICYCLE PARTS

(Originally introduced as H.R. 5823 by Mr. Rostenkowski)

Section 136 would amend the Tariff Schedules of the United States to continue the suspension of column 1 (MFN) duty on certain bicycle parts. The existing suspension, which expires June 30, 1983, would be extended to June 30, 1986, on all parts currently exempted except "click stick levers". The suspension is provided for in items 912.05 and 912.10. Cables and casings for caliper brakes and trigger or twist grip controls for 3-speed hubs would be added to the list for duty suspension.

Section 136 would modify the Appendix to the TSUS item 912.05 by striking out "6/30/83" and inserting "6/30/86". This would extend the column 1 duty suspension on generator lighting sets for bicycles, item 653.39, from June 30, 1983, to June 30, 1986.

Section 136 would also amend item 912.10 of the Appendix to the TSUS by striking out "6/30/83" and inserting "6/30/86" and by deleting "click stick levers" from the listing, and adding "cable or inner wire for caliper brakes and casing therefor, whether or not cut to length" and "trigger or twist grip controls for 3-speed hubs." This would continue the column 1 duty suspension on items currently suspended and make the deletion and the additions as stated.

These temporary provisions allow U.S. producers of bicycles to obtain, without duty, generator lighting sets and their parts and certain parts of bicycles, which, except for caliper brakes, are not produced in the United States. This makes U.S.-produced bicycles more competitive with imported bicycles because the duty on parts is higher than the duty on most imported bicycles.

With the exception of caliper brakes, there are no U.S. firms producing any of the articles on a commercial scale which would enter duty-free under this provision. One firm, Dia-Compe, Inc., Fletcher, North Carolina, a wholly-owned subsidiary of Yoshigai-Kikai Kinzoker Co., Ltd., Osaka, Japan, produces caliper brakes, cables, and casings. However, all the caliper brakes produced by Dia-Compe

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are assembled from parts imported primarily from its parent company. The only product which the firm produces is caliper brakes, cables, and casings.

Although click stick levers are not produced in the United States, they are being removed from the list of articles covered by the suspension because substantial amounts of other types of levers, which are produced in the United States by Excel, Inc., Franklin Park, Illinois, have been entered duty-free as click stick levers.

In 1981, West Germany was the principal supplier of imports entered under item 912.05, accounting for 29 percent; Taiwan for 23 percent; Japan for 18 percent; and France for 14 percent. Japan was the leading supplier for imports entered under item 912.10, accounting for 77 percent of the total, while the next largest supplier, Mexico, provided only 9 percent. In 1981, imports of bicycle parts entered under item 912.10 accounted for 42 percent of total improts, dutiable and duty-free, of such parts entered in schedule 7, part 5, subpart C. In 1981, only $4,000 worth of imports of such articles originated from column 2 countries.

The principal importers of these articles are the domestic producers of bicycles.

Present law provides a suspension of colum 1 duty on the items identified (including click stick levers). Duty on imports from column 2 or LDDC countries is not affected by the existing suspension. Without suspension, the articles would incur column 1 duty as follows. Column 2 duty and LDDC duty (shown) remain in force.

Article	Item No.	Col. 1	LDDC	Col. 2
Generator lighting sets[1]	653.39	14.7% ad val	7.6% ad val	45% ad val.
Coaster brakers[1]	732.35	11.6% ad val.	6% ad val.	30% ad val.
Three speed hubs, caliper brakes, multiple freewheel sprockets[1].	732.38	11.6% ad val.	6% ad val.	30% ad val.
Variable speed hubs (except 3-speed) with internal gear changing, drum brakes, click twist grips, click stick levers, cotterless crank sets, parts of the foregoing, sets of steel tubing, etc..	732.42	14.2% ad val.	10% ad val.	30% ad val.
Cable or inner wire for caliper brakes	642.16	4.0% ad val.	—% ad val.	35% ad val.

[1] Eligible for duty-free treatment under the Generalized System of Preferences.

The provision for "cotterless type crank sets" in item 912.10 refers only to the type of bicycle crank also known as a European-type cotterless crank, a three-piece crank consisting of two crank arms and a separate axle (known as a crank spindle), in which the crank arms are secured to the crank spindle by a mounting bolt. Although this limitation is apparent in the legislative history of previous enactments of this provision, testimony at the hearing indicated that attempts recently have been made to enter under this provision American-type single-piece cranks and crank sets (in which two crank arms and axle comprise a single piece).

The specific inclusion of "cable or inner wire for caliper brakes and casing therefor" is because those items are not considered by the U.S. Customs Service as covered within its technical interpretation of the word "parts."

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SECTION 137.—STRETCH, HEAT-SET TEXTURING MACHINES

(Originally introduced as H.R. 5884 by Mr. Broyhill)

Section 137 would amend the Tariff Schedules of the United States to provide until September 30, 1985 temporary duty-free treatment to column 1 (MFN) and LDDC entries of machines designed specifically for stretch, heat-set texturing of continuous manmade fibers. This would suspend the existing 5.3 percent ad valorem tariff for column 1 and 4.2 percent for LDDC entries. The column 2 rate of 40 percent would remain.

The machine addressed by this provision is used in the production of yarn. The machine takes a multifilament fiber and sequentially stretches, heats, twists, and untwists the yarn to make it bulkier and more elastic. This "false twist method" is thought to be the only technology used domestically.

In addition, there is no domestic production of this machine. One domestic company, Enterprise Management and Development in Delaware produces either a machine or parts of a machine used in the "air jet" texturing process for heavier yarns. The two processes are not directly competitive. The supplier of the stretch, heat-set texturing machine is the Barmag Company located in Germany.

Industry sources feel that U.S. application of the "false twist" technology has improved the domestic position in the world market. U.S. exports of textured yarn were valued at $67 million in 1977 and at $408 million in 1981.

The machines addressed by this provision fall into a basket category item 670.06 which is ". . . other spinning machines, twisting machines, doubling machines, and other textile machines for producing yarns."

In addition, the column 1 rate is scheduled for staged reductions under the Multilateral Trade Negotiations as follows:

Date	Column 1 Duty
1983	5.1% ad valorem.
1984	4.9% ad valorem.
1985	4.7% ad valorem.
1986	4.4% ad valorem.
1987	4.2% ad valorem.

Entries under item 670.06 are eligible for duty-free treatment under the Generalized System of Preferences.

SECTION 138.—HOSIERY KNITTING MACHINES

(Originally introduced as H.R. 5839 by Mr. Broyhill)

Section 138 would amend the Appendix to the Tariff Schedules of the United States by adding a new item 912.08 to provide until September 30, 1985, duty-free column 1 (MFN) entry of single cylinder fine gauge hosiery knitting machines and double cylinder jacquard hosiery knitting machines provided for in items 670.16 and 670.18.

Circular and noncircular knitting machines are used to make hosiery. The use of noncircular machines has virtually ceased in the United States. Noncircular hosiery knitting machines, including those known as full-fashioned machines, are not produced in the

United States but are imported in limited quantities. Such machines are used chiefly to make panties and leotards, rather than hosiery. Therefore, virtually all hosiery knitting machines sold in the United States are of the circular design.

Circular hosiery knitting machines may be subdivided into two major categories, namely, single cylinder and double cylinder. In turn, single cylinder machines may be classified as either fine or coarse gauge machines. Currently, only single cylinder hosiery knitting machines, coarse gauge, are manufactured in the United States. In the last 5 years, double cylinder hosiery knitting machines were only produced in the United States during 1980–81; such production was on a limited basis by one firm.

During the period 1977–81, there were four U.S. firms producing circular hosiery knitting machinery. Three of the four continue to produce such machines. One firm, Scott and Williams, Inc. of Laconia, New Hampshire, was the sole producer of double cylinder machines and produced such machines only during 1980–81; the company has since gone out of business. Scott and Williams also produced a small number of single cylinder coarse gauge hosiery machines, accounting for less than 1 percent of the quantity of all such machines produced in the United States during 1977–81. All of the other three firms have been producing only single cylinder coarse gauge machines.

Hosiery machinery manufacturers in the United States currently employ approximately 2,000 persons. There were 615 hosiery manufacturing plants in the United States in 1977. About 83 percent of these plants were located in North Carolina alone.

There were no U.S. producers of full-fashioned hosiery knitting machines in 1977–81. In the same period there was only one plant, located in North Carolina, manufacturing full-fashioned hosiery.

One domestic source has estimated that 6,000 circular knitting machines were produced in the United States in the years 1977 through 1981. In 1981, 1,215 circular machines were imported (item 670.16) with Italy producing 94 percent of these imports.

Imports of full-fashioned hosiery knitting machines (item 670.18) totaled 20 in 1981 with 60 percent coming from the United Kingdom and 40 percent coming from Italy.

Circular hosiery knitting machines are provided for in item 670.16. Full-fashioned hosiery knitting machines are provided for in item 670.18. The column 1 rate of duty applicable to imports under item 670.16 is 5.7 percent ad valorem; the column 1 rate of duty applicable to imports under item 670.18 is 6.9 percent ad valorem.

The MTN-staged tariff reductions for these items are as follows (percent ad valorem):

	Item 670.16	Item 670.18
January 1, 1982	5.7	6.9
January 1, 1983	5.5	6.6
January 1, 1984	5.2	6.2
January 1, 1985	4.9	5.8
January 1, 1986	4.7	5.5
January 1, 1987	4.4	5.1

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The rates applicable to LDDCs are 4.4 percent ad valorum for item 670.16 and 5.1 percent ad valorum for item 670.18.

SECTION 139.—DOUBLEHEADED LATCH NEEDLES

(Originally introduced as H.R. 4155 by Mr. Martin of North Carolina)

Section 139 would amend the Appendix to the Tariff Schedules of the United States to give doubleheaded latch needles, provided for in item 670.58, temporary column 1 (MFN) duty-free treatment until June 30, 1985, by including a new item 912.09, for that purpose.

Doubleheaded latch needles are used in the manufacture of machine knitted fabric. These needles consist of a shank with a hook at each end. They can be readily distinguished from other hooked machine needles by the freely swinging latches attached to the shank which close the hooks. Variations within this configuration are necessary to accommodate differences in machinery, yarn or thread employed, or type of fabric desired. These variations can occur in numerous critical characteristics, such as shape of the hooks or length and straightness of the shaft.

There has been no U.S. production of latch needles since 1980, when the Torrington Company divested its needle operations. By May of that year, Torrington had converted its Walhalla, South Carolina, plant, the only domestic source of latch needles, to ball bearing manufacture. At approximately the same time, Exeltor, Inc. of Canada acquired Torrington's only other source of latch needles, a plant in Bedford, Quebec. The needles imported from the Bedford facility are marketed by Exeltor Corporation of Greensboro, North Carolina..

Under existing law, latch needles for knitting machines are provided for in item 670.58 in subpart E of part 4 of schedule 6. The column 1 rate of duty is 41 cents per 1,000 plus 14.2 percent ad valorem. The column 2 rate of duty is $2 per 1,000 plus 60 percent ad valorem. The LDDC rate provided for this item is 10 percent ad valorem. Products classified under item 670.58 are eligible for duty-free treatment under the Generalized System of Preferences. This item is scheduled for staged duty reductions going from the present column 1 rate to a rate of 10 percent ad valorem in 1987.

SECTION 140.—PROSTHESES

(Originally introduced as H.R. 4602 by Mr. Sawyer)

Section 140 would suspend for two years the column 1 (MFN) duty on externally-powered electric prosthetic devices and their parts. Section 140 amends subpart B of part 1 of the Appendix to the Tariff Schedules of the United States by inserting in numerical sequence a new item 912.20 for this purpose.

Externally-powered electric prostheses include electric elbows, hands, and hooks (hooks may be used in place of hands). There are no lower extremity electric devices.

Section 140 is virtually identical to a bill which became Public Law 94-451 in 1976, but the suspension expired in June 1978 when there was no attempt to renew it.

This provision was introduced on behalf of a constituent hospital, Mary Free Bed Hospital, located in Grand Rapids, Michigan. In 1945, the hospital obtained the first child amputee center in the United States. The center is operated by the Michigan Department of Public Health, and it is currently the only federally funded project of its kind. The center has approximately 350 child patients, and it provides training and technical assistance to many other clinics throughout the country. The children range in age from newborn to 21 years old with more than half having lost more than one limb due to disease or trauma. This child amputee center is national in scope since upward of 40 percent of the children come from outside Michigan with some as far away as Puerto Rico and the Virgin Islands.

The domestic industry includes five producers, one of which manufactures externally-powered devices for both adults and children. In October 1981, this firm began to produce devices designed especially for children 14 years of age and younger. Seventy such devices were produced in its first two production runs.

The estimated number of employees involved in the domestic production of externally powered electric prosthetic devices for persons of all ages is about 200 for the five firms now in operation.

Externally-powered electric prosthetic devices are provided for in item 709.57. The column 1 rate of duty is 8.4 percent ad valorem. The LDDC column duty rate is 5.8 percent ad valorem, and the column 2 rate is 40 percent ad valorem. This item is scheduled for column 1 annual staged duty reductions to a final value of 5.8 percent ad valorem on January 1, 1987. Item 709.57 is also eligible for preferential treatment under the Generalized System of Preferences and therefore duty-free treatment is provided to designated beneficiary developing countries.

SECTION 141.—TOY AND NOVELTY ITEMS

(Originally introduced as H.R. 6268 by Mr. Scheuer)

Section 141 would provide temporary duty-free entry of small toy and novelty items not valued over 5 cents each and certain jewelry not valued over 1.6 cents per piece. The Appendix to Tariff Schedules of the United States would be amended by adding a new item, 912.25, to provide, until December 3, 1986, the column 1 (MNF) duty-free entry of articles provided for in parts 5D and 5E of schedule 7 (except baloons, marbles, dice, and die-cast vehicles) not valued over 5 cents each and jewelry provided for in part 6A, schedule 7, not valued over 1.6 cents per piece. Column 2 duties would not be affected.

The original intent of legislative action was to provide duty-free entry of small toy and novelty items sold through vending machines. The difficulty of administering such a provision caused the provision to be restructured, yet attempt to accomplish the same objective. This approach would provide temporary duty-free (column 1) entry of small toy and novelty items valued not over 5 cents each and certain jewelry valued not over 1.6 cents per piece. The value limit refers to customs import value. The additional costs of handling, shipping, profits, etc., will increase this upper limit at retail.

Articles do not necessarily have to be sold through a vending machine to have duty-free entry under this provision. This allows toys normally displayed on racks or in more conventional ways to be duty-free if under the value limit.

The primary justification for this provision is to help the vending toy industry which is confined to fixed coin value dispensing unless they are able to replace or modify their vending machines. This constraint has limited the industry's ability to keep pace with inflation. The National Bulk Vendors Association and the Toy Manufacturers of America state that there is no regular U.S. production of these items.

The toy and novelty items are currently provided for in parts 5D and 5E of schedule 7 and have a wide range of duties. The Jewelry is provided for in part 6A of schedule 7 and currently has a column 1 rate of 14 percent ad valorem, an LDDC rate of 7.2 percent, and a column 2 rate of 45 percent. The column 2 rates would be unaffected.

The majority of the items are eligible for duty-free treatment under the Generalized System of Preferences but at least six of the items are now off the Generalized System of Preferences list for particular countries (primarily Hong Kong).

SECTION 142.—CERTAIN DOLLS AND TOY FIGURES

(Originally introduced as H.R. 5764 by Mr. Guarini)

Section 142, as amended, would amend the Tariff Schedules of the United States to suspend until December 31, 1985, column 1 (MFN) duties on the following items:

1. Stuffed dolls (with or without clothing)
2. Stuffed toy figures of inanimate objects
3. Inanimate objects not stuffed but not wholly or mostly metal, rubber or plastic—this would make duty-free such things as bean-bag toys
4. Skins of the following (which would be stuffed in the U.S.): dolls, toy figures of animate objects, and toy figures of inanimate objects

Section 142 would add three new items 912.30, 912.34, and 912.36 to provide the duty suspensions.

This provision was introduced on behalf of the Knickerbocker Toy Company, a major importer, distributor, and assembler of stuffed dolls and toy figures. The intent is to make duty-free the column 1 entry of stuffed dolls, doll shells, and certain figures of inanimate objects for which there is no domestic production.

There were over 200 domestic establishments producing dolls, and stuffed toys in 1981. These domestic companies, however, produce only small quantities of completed stuffed dolls but rather import the skins and do the stuffing job domestically. They also import completed dolls and toy items. There is significant foreign assembly of U.S. components for reexport to the United States under item 807.00.

The other major category covered by this provision, beyond stuffed dolls, is "toy figures of inanimate objects". These are stuffed objects or they are objects not stuffed but which are not mostly metal, rubber, or plastic (eliminating "hard" toys).

Total U.S. employment in importation and production of all dolls, and toy figures was estimated to be 7,000 in 1981.

Imports of the items addressed in this provision are as shown below:

Item	1981 Value (millions)	Major suppliers	Share of imports (percent)
stuffed dolls	$18.3	Taiwan	60
		Hong Kong	13
		Korea	9
Stuffed and "near-stuffed" toy figures of inanimate objects	$10–15	Korea	
		Taiwan	Over 60
		Mexico	
Doll and toy skins	N.A.	Taiwan	25–45
		Korea	
		Hong Kong	50

Existing law provides for the articles which are the subject of this provision in Tariff Schedules of the United States items 737.21 through 737.50 with column 1 rates ranging from 13.9 percent ad valorem to 17.1 percent, and column 2 rates of 70 percent ad valorem.

In addition, column 1 staged reductions are planned resulting from the Multilateral Trade Negotiations. As of January 1, 1987, the column 1 rates will range from 8 percent ad valorem to 12 percent ad valorem.

All the above items are eligible for duty-free treatment under the Generalized System of Preferences; however, the following countries are currently excluded on the items listed:

Country	Item(s)
Hong Kong	"Other".
Taiwan	Stuffed dolls.

Note that section 104 of this bill contains definitions and a restructuring of the TSUS categories for the items addressed in this section.

The Committee amended the provision by deleting doll clothing and stuffed animate objects from the proposed duty suspension.

SECTION 151.—EFFECTIVE DATE

Section 151 provides that sections 101 through 142 would become effective 15 days after enactment but not before October 1, 1982. This arrangement prevents any revenue impact during fiscal 1982.

SECTION 201.—INTERNATIONAL BUSINESS DOCUMENTS; IMPORTERS OF RECORD

(Originally introduced as H.R. 5170 by Mr. Frenzel)

Section 201, as amended, addresses the two following areas of customs administration:

1. the entry of certain business documents and

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2. the role and authority of nominal consignees with respect to entry of articles.

This provision would allow business documents to enter the U.S. in a no-entry required status as "intangibles." Such documents primarily enter duty-free as provided in item 807.10.

In addition, this provision would prohibit nominal consignees from conducting customs business on behalf of any other person unless the consignee is a licensed customshouse broker.

Section 201 would modify headnote 5 by inserting a new subdivision (e) which would classify as intangibles "records, diagrams, and other data with regard to any business, engineering, or exploration operation, whether on paper, cards, photographs, blueprints, tapes, or other media". Intangibles, which these documents would become, require no entry procedures. Item 870.10 which currently provides duty-free entry of most of these documents would be eliminated. Existing subdivision (e) would become subdivision (f).

Section 201 would also amend the Tariff Act of 1930 by repealing section 483 and amending section 484.

The remaining parts of this provision deal with the functions of nominal consignees. This clarifying and constricting of such responsibilities has grown out of a seeming ambiguity in the existing rulings. A Customs Service ruling stated that courier services may file informal or formal customs entries in their own name and therefore become a nominal consignee eligible to make entries on behalf of others. At the same time, customs law states that informal or formal customs business can be transacted only by a licensed broker. Under the ruling concerning courier services, a concern has arisen that this may so broaden the definition of those who can legally transact customs business that it would be outside that which is desirable.

Section 201 therefore modifies section 484 of the Tariff Act of 1930 to provide that required entry documentation can be filed only by the owner or purchaser of merchandise or by a person holding a valid license to conduct such entry business.

The Committee amended the provision by deleting a requirement that the business documents herein discussed be in conjunction with operations "conducted outside the United States" and by deleting a reference to the nationality of the author of drawings or blueprints. The provision was further amended in reference to consignees to state that "when a consignee declares on entry that he is the owner or purchaser of merchandise, the appropriate customs officer may, without liability, accept the declaration" and to provide a necessary conforming amendment.

SECTION 202.—DELIVERY INTO SUCCESSIVE BONDED WAREHOUSES REGARDLESS OF LOCATION

(Originally introduced as H.R. 4690 by Mr. Schulze)

Under current law, articles withdrawn from a bonded manufacturing warehouse may be delivered into any bonded storage warehouse at an exterior port for the sole purpose of immediate export. Section 202 would allow articles to be delivered into successive bonded storage warehouses as long as the ultimate purpose remained that of export.

Section 202 would strike from section 311 of the Tariff Act of 1930 (19 U.S.C. 1311) in paragraph 8, sentence 1, the words "at an exterior port" and "immediate". This would modify the regulation concerning movement of articles to bonded storage warehouses to eliminate the requirement that articles go only to warehouses at an exterior port for immediate export.

Under customs laws and regulations, a bonded manufacturing warehouse is designated a class six warehouse. Imported materials may be manufactured in a class six warehouse free of duty; however, all materials so manufactured must be exported. This prohibits the transferring of materials to successive warehouses unless it is to a storage warehouse at an exterior port. Any company that might need or desire to use more than one customs bonded storage warehouse prior to exportation would be prohibited form doing so.

Industry sources have indicated a marketing need to use more than one bonded storage warehouse in cases such as desiring to sell materials to a buyer who is not prepared for immediate export and would need to store the materials prior to export.

SECTION 203.—WATCHES AND WATCH MOVEMENTS FROM THE INSULAR POSSESSIONS

(Originally introduced as H.R. 5758 by Mr. de Lugo)

Section 203 is designed to encourage production of watches in the insular possessions of the United States. The provision, which would be in effect through 1994, seeks to accomplish this by:

a. eliminating the existing limit of 70 percent foreign content;

b. establishing the annual limit on duty-free entry at 7 million units which can be adjusted downward by no more than 10 percent in any one year or upward by no more than 20 percent in any one year;

c. continuing to provide country allocation authority to the Secretaries of Commerce and Interior; and

d. providing a rebate for the industry on a by-company basis which would reflect the amount of local labor content in the watches.

Section 203 would amend the Tariff Schedules of the United States by striking from headnote 3(a)(i) of the General Headnotes and Rules of Interpretation the term "(or more than 70 percent of the total value with repect to watches and watch movements)". The effect is to remove the 70 percent limitation on foreign content.

In addition, section 203 references schedule 7, part 2E, makes wording changes necessary to accommodate other herein proposed changes; defines insular possessions as the Virgin Islands, Guam, and American Samoa; and strikes out existing paragraphs (b) through (d) and replaces them with new paragraphs (b) through (h). These new paragraphs accomplish the following:

paragraph (b): contains the expression "without regard to the value of foreign materials they contain" which clarifies the intent of allowing 100 percent foreign content.

paragraph (c): establishes a new quota system for watches from the insular possessions. The 1983 limit would be 7,000,000 units and could be adjusted in 1984 and following years. The

amount could not be adjusted downward by more than 10 percent or upward by more than 20 percent in any one year and could in no event exceed 10,000,000 units or one-ninth of domestic consumption.

paragraph (d): authorizes the International Trade Commission to determine the apparent U.S. consumption of watches and watch movements in the event that the consumption related ceiling is reached. Consumption is intended to include solid state time pieces.

paragraph (e): establishes territorial distribution for 1983 and limits its redistribution. In 1983, the duty-free entry from the Virgin Islands would be limited to 5,200,000 units, Guam to 1,200,000 units, and American Samoa to 600,000 units. For 1984 and 1985, no territorial limit could be reduced by more than 200,000 units. In 1986 and after, a territory's share could be reduced by no more than 500,000 units with no territory falling below a limit of 500,000.

paragraph (f): continues to empower the Secretaries of Commerce and Interior to divide the above discussed allocations fairly and equitably among the producers located in the insular possessions and allows the Secretaries to establish allocation criteria to maximize economic benefit to the insular possessions.

paragraph (g): establishes production incentive certificates for issuance to producers in the insular possessions. The Secretaries would verify the wages paid by each producer to permanent residents of the insular possessions in the preceding calendar year and would, by March 1, issue a certificate to each producer reflecting the amount of wages paid. The value of each producer's certificate would be equal to 90 percent of the producer's creditable wages for the first 300,000 units produced plus a declining percentage (to be established by the Secretaries) on additional units up to a maximum of 750,000 units. These certificates would entitle the holder to a refund of duties paid (on other watch imports). These certificates would be negotiable and the maximum total value of these certificates would be $5,000,000. An amount equal to 60 percent of a producer's 1981 creditable wages would be considered the creditable wages for 1982. In addition, the U.S. Customs Service would be permitted to retain up to 5 percent of the refunds for administrative costs.

paragraph (h): authorizes the Secretaries to issue regulations, not inconsistent with these provisions, to carry out their duties under this headnote. This would include the right to cancel or restrict the license or certificate of any manufacturer found in violation of regulations. These regulations would include minimum assembly requirements which would align as closely as possible with existing assembly requirements.

Since 1959, the watch and watch movement industry has been a significant factor in the economy and employment opportunity in the insular possessions. This has been, in part, due to tariff incentives provided under the TSUS which currently affords duty-free entry to watches and watch movements which do not have more than 70 percent foreign content.

At its peak, the industry provided more than 1,300 jobs. However, since 1980, over half the industry has closed down and employment is now under 300 people. This is greatly because of a market shift away from mechanical watches and toward quartz digital watches. Producers in the insular possessions have not refitted to accommodate this market shift.

The insular possessions have traditionally assembled 17-jewel mechanical watch movements, but the U.S. market has shifted greatly toward quartz-based timepieces, quartz analog in particular. With this market shift, the island's producers must refurbish their facilities or produce elsewhere. The number of producers in the Virgin Islands has shrunk from 15 in 1979 to 6 or 7.

The most recent round of GATT negotiations exempted from duty reductions any movements having over 7 jewels but not over 17 jewels in order to protect the Virgin Islands watch industry. A typical movement assembled in the Virgin Islands has been a 17-jewel mechanical movement not valued over $15. The current duty, $2.25 (where duties apply), will remain in effect for the next five years. On a typical quartz analog watch, the duty is $.97 and will be $.72 by 1984.

The domestic watch and watch movement industry has, for the most part, moved production offshore to areas (primarily the Far East) with lower labor costs. Only five companies reported domestic production during 1981. Three of these five assembled solid state electronic watches and modules (one of the three left the watch industry at the end of 1981); no firms in the insular possessions assemble this type of watch or module. Of the remaining two companies, one manufactures only pocket watches. Very little pocket watch assembly is done in the insular possessions. The other company reporting domestic production is believed to have made primarily pin lever movements (e.g., a mechanical movement without jewels). There is no pin lever assembly in the islands. All five of these companies are diversified into other areas of electronics and timing devices. Because the domestic firms produce types of articles which are not produced in the insular possessions, this provision would likely have little or no impact on them.

Imports of watches and watch movements for the period 1977–81 were as follows:

Year	Quantity (Units)	Value
1977	37,811,563	$432,742,749
1978	41,664,996	587,547,652
1979	41,924,407	577,695,302
1980	58,980,978	704,856,084
1981	87,140,721	850,885,568

The average annual rate of increase in the quantity of watch and watch movement imports for the 1977–1981 period was 23.1 percent; the average annual rate of increase in the value of imports was 18.5 percent for the same period. In 1981, the principal sources of U.S. imports in terms of quantity were Hong Kong, Japan, and Taiwan. Together they accounted for nearly 80 percent of the quantity of imports.

VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote of the Committee in reporting the bill. H.R. 6867 was ordered favorably reported by the Committee by voice vote, with amendments.

OVERSIGHT FINDINGS

In compliance with clause 2(l)(2)(A) of rule XI of the Rules of the House of Representatives relating to oversight findings, the Committee concluded, as a result of its review of the circumstances existing with respect to each of the products and the provisions of trade law involved, that it would be desirable to enact H.R. 6867 by reason of the considerations outlined above in the section-by-section analysis and justification.

With respect to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings or recommendations have been submitted to the Committee by the Committee on Government Operations with respect to the subject matter contained in this bill.

BUDGETARY AUTHORITY AND COST ESTIMATES, INCLUDING ESTIMATES OF CONGRESSIONAL BUDGET OFFICE

In compliance with clause 7(a) of rule XIII and clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 6867 does not provide any new budget authority or any new or increased tax expenditures.

In compliance with clause 7(a) of rule XIII and clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee provides below information furnished by the Congressional Budget Office on H.R. 6867, and required to be included herein:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., September 17, 1982.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means,
U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Budget Act, the Congressional Budget Office has examined H.R. 6867, which changes the tariff treatment of certain articles. This bill is a compilation of previous tariff bills reported by the Subcommittee on Trade. The individual provisions of the bill are listed in the attached table.

The bill does not provide for any new budget authority, or any new or increased tax expenditures.

We have examined and agree with the estimates provided and the methods used by the International Trade Commission concerning the provisions contained in this bill. Because we have not totally examined some of the interrelationships between some of the provisions, this is a tentative estimate of the bill. Custom revenues

are estimated to be reduced by $42 million per fiscal year beginning in 1983.

Sincerely,

ALICE M. RIVLIN, *Director.*

INDIVIDUAL PROVISIONS OF H.R. 6867, TO CHANGE THE TARIFF TREATMENT WITH RESPECT TO CERTAIN ARTICLES AND FOR OTHER PURPOSES

Section	
101	Furs from China
102	Fish netting and fish nets
103	Four-denier wire
104	Certain dolls/toy figures
105	Button blanks of casein
106	Materials certified by NASA
121	Cantaloupes
122	Hatters fur
123	Neddlecraft display models
124	Surgical drapes/gowns
125	p-Hydroxyenzoic acid
126	Triphenyl phosophate
127	Bis-1,3 propanediol
128	Color couplers
129	Ethylbiphenyl
130	Dicofol
131	Uncompounded Allyl Resins
132	Caffeine
133	Natural graphite
134	Copper scale
135	Certain clock radios
136	Bicycle parts
137	Heat-set texturing machine
138	Hosiery knitting machines
139	Double-head latch needles
140	Prostheses
141	Certain toy/novelty items
142	Certain dolls/toy figures
201	Business documents
202	Bonded warehouses
203	Watches/watch movements

INFLATIONARY IMPACT STATEMENT

With respect to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 6867, which involves a total annual estimated cost of $42 million per year, would not have an inflationary impact on prices and costs in the operation of the general economy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule xii of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TARIFF SCHEDULES OF THE UNITED STATES

* * * * * * *

GENERAL HEADNOTES AND RULES OF INTERPRETATION

* * * * * * *

3. *Rates of Duty.* The rates of duty in the "Rates of Duty" columns numbered 1 and 2 and the column designated LDDC of the schedules apply to articles imported into the customs territory of the United States as hereinafter provided in this headnote:

(a) *Products of insular possessions.*—

(i) Except as provided in headnote 6 of schedule 7, part 2, subpart E, and except as provided in headnote 3 of schedule 7, part 7, subpart A, articles imported from insular possessions of the United States which are outside the customs territory of the United States are subject to the rates of duty set forth in column numbered 1 of the schedules, except that all such articles the growth or product of any such possession, or manufactured or produced in any such possession from materials the growth, product, or manufacture of any such possession or of the customs territory of the United States, or of both, which do not contain foreign materials to the value of more than 50 percent of their total value [(or more than 70 percent of their total value with respect to watches and watch movements)], coming to the customs territory of the United States directly from any such possession, and all articles previously imported into the customs territory of the United States with payment of all applicable duties and taxes imposed upon or by reason of importation which were shipped from the United States, without remission, refund, or drawback of such duties or taxes, directly to the possession from which they are being returned by direct shipment, are exempt from duty.

* * * * * * *

5. *Intangibles.* For the purposes of headnote 1—

(a) corpses, together with their coffins and accompanying flowers,

(b) currency (metal or paper) in current circulation in any country and imported for monetary purposes,

(c) electricity,

(d) securities and similar evidences of value, [and]

(e) records, diagrams and other data with regard to any business, engineering, or exploration operation, whether on paper, cards, photographs, blueprints, tapes, or other media; and

[(e)] *(f) vessels which are not "yachts or pleasure boats" within the purview of subpart D, part 6, of schedule 6, are not articles subject to the provisions of these schedules.*

* * * * * * *

SCHEDULE 1.—ANIMAL AND VEGETABLE PRODUCTS

* * * * * * *

Item	Articles	Rates of duty		
		1	LDDC	2
	PART 5.—HIDES, SKINS, AND LEATHER; FURSKINS			
	* * * * * * *			
	Subpart B.—Furskins			
	Subpart B headnotes: 1. This subpart covers all furskins, except carroted furskins, but does not cover fur or hair which has been removed from the skin. (Carroted furskins and fur or hair removed from the skin are covered in subpart D of part 15 of schedule 1). 2. As used in this subpart— (a) the terms *"furskins"* or *"skins"* include the whole skins, or cuttings, heads, paws, tails, or other parts of whole skins, whether or not assembled into plates, mats, linings, strips, crosses, or similar forms, but do not cover such skins or parts of skins assembled in the rough form of garments, of parts or accessories of garments, or of other articles (see part 13B of schedule 7); (b) the term *"raw or not dressed"* refers to raw, unprocessed skins, or to processed skins which have not been subjected to any processing which preserves them indefinitely in a pliant state; and (c) the term *"dressed"* refers to skins which have been subjected to any processing which preserves them indefinitely in a pliant state, whether or not dyed or otherwise processed and whether or not in condition ready for manufacture into garments or other articles. 3. If the wool or hair on any skins which have been released from customs custody under item 123.00 is removed from such skins otherwise than as an unsought residue resulting from the processing of the skins for use as furs, the entire importation shall be subject to duty at the appropriate rate for such wool or hair on the skin under subpart C of part 1 of schedule 3, and for the purposes of this headnote, the clean content of such wool or hair shall be deemed to be 100%. 4. The entry, or withdrawal from warehouse, for consumption of ermine, fox, kolinsky, marten, mink, muskrat, and weasel furskins, raw or not dressed, or dressed, which are the product of the Union of Soviet Socialist Republics [or of the People's Republic of China] is prohibited.			
	* * * * * * *			

SCHEDULE 3.—TEXTILE FIBERS AND TEXTILE PRODUCTS

* * * * * * *

Item	Articles	Rates of duty		
		1	LDDC	2
	PART 4.—FABRICS OF SPECIAL CONSTRUCTION OR FOR SPECIAL PURPOSES; ARTICLES OF WADDING OR FELT; FISH NETS; MACHINE CLOTHING			
	* * * * * * *			

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Item	Articles	Rates of duty 1	LDDC	2
	Subpart C.—Wadding, Felts, and Articles Thereof Fish Netting and Nets; Artists' Canvas; Coated or Filled Fabrics, Hose; Machine Clothing; Other Special Fabrics			
	Fish netting and fishing nets (including sections thereof), of textile materials (con.):			
355.45	Other	21¢ per lb. + 30.6% ad val [1].		82% ad val.
	Of man-made fibers:			
	Salmon gill netting, of nylon [1] (669)			
	Other (669)			
	Other			

[1] With respect to articles entered after December 31, 1982, and before January 1, 1984, item 355.45 is amended by striking out "18¢ per lb. + 28.6% ad val." and inserting in lieu thereof "15¢ per lb. + 26.7% ad val.".
[2] With respect to articles entered after December 31, 1983, and before January 1, 1985, item 355.45 is amended by striking out "15¢ per lb. + 26.7% ad val." and inserting in lieu thereof "9¢ per lb. + 22.8% ad val.".
[3] With respect to articles entered after December 31, 1984, and before January 1, 1986, item 355.45 is amended by striking out "9¢ per lb. + 22.8% ad val." and inserting in lieu thereof "3¢ per lb. + 18.9% ad val.".
[4] With respect to articles entered after December 31, 1985, item 355.45 is amended by striking out "3¢ per lb. + 18.9% ad val." and inserting in lieu thereof "17% ad val.".

SCHEDULE 6.—METALS AND METAL PRODUCTS

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Item	Articles	Rates of duty 1	LDDC	2
	PART 3.—METAL PRODUCTS			
	* * * * * * *			
	Subpart B.—Wire Cordage; Wire Screen, Netting and Fencing; Bale Ties			
	* * * * * * *			
[642.30	Fourdrinier wires, seamed or not seamed, suitable for use in paper-making machines (whether or not parts of, or fitted or attached to, such machines):	19.42 ad val.	10% ad val.	75% ad val.]
	Of plastic			
	Other			
	Fourdrinier wires, seamed or not seamed, suitable for use in papermaking machines (whether or not parts of, or fitted or attached to, such machines):			
642.31	With 240 or more wires to the linear inch	*Free*	*10% ad val.*	*75% ad val.*
642.32	*Other*	*19.4% ad val.*	*10% ad val.*	*75% ad val.*
	* * * * * * *			

SCHEDULE 7.—SPECIFIED PRODUCTS: MISCELLANEOUS AND NONENUMERATED PRODUCTS

* * * * * * *

Item	Articles	Rates of duty 1	LDDC	2
	PART 2.—OPTICAL GOODS; SCIENTIFIC AND PROFESSIONAL INSTRUMENTS; WATCHES, CLOCKS, AND TIMING DEVICES; PHOTOGRAPHIC GOODS; MOTION PICTURES; RECORDINGS AND RECORDING MEDIA			
	* * * * * * *			

Item	Articles	Rates of duty		
		1	LDDC	2
	Subpart E —Watches, Clocks, and Timing Apparatus			
	Subpart E headnotes:			
	1. This subpart covers watches and clocks, time switches and other timing apparatus with clock or watch movements, and parts of these articles. This subpart, however, does not cover—			
	(i) synchronous or subsynchronous motors (see part 5 of schedule 6);			
	(ii) screws, nuts, and bolts (see part 3D of schedule 6);			
	(iii) music boxes and their mechanisms (see part 3 of schedule 7);			
	(iv) combination articles provided for elsewhere in the tariff schedules; or			
	(v) clock and watch glasses and glass domes (see part 3 of schedule 5).			
*	* * * * * * *			
	6. *Products of Insular Possessions.*—(a) Except as provided in [paragraph (b)] *paragraphs (b) through (h)* of this headnote, any article provided for in this subpart which is the product of [an insular possession of the United States outside the customs territory of the United States] *the Virgin Islands, Guam, and American Samoa (hereinafter in this headnote referred to as the "insular possessions")* and which contains any foreign component shall be subject to duty—			
	(i) at the rates set forth in column numbered 1, if the countries of origin of more than 50 percent in value of the foreign components are countries to products of which column numbered 1 rates apply, and			
	(ii) at the rates set forth in column numberd 2, if the countries of origin of 50 percent or more in value of the foreign components are countries to products of which column numbered 2 rates apply.			
	[(b) If the requirements for free entry set forth in general headnote 3(a) are complied with, watches (provided for in item 715.05) and watch movements (provided for in items 716.04 through 719.—) which are the product of the Virgin Islands, Guam, or American Samoa and which contain any foreign component may be admitted free of duty, but the total quantity of such articles entered free of duty during each calendar year shall not exceed a number equal to ⅙ of the apparent United States consumption of watch movements during the preceding calendar year (as determined by the International Trade Commission), of which total quantity—			
	[(i) not to exceed 87.5 percent shall be the product of the Virgin Islands,			
	[(ii) not to exceed 8.33 percent shall be the product of Guam, and			
	[(iii) not to exceed 4.17 percent shall be the product of American Samoa.			

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Item	Articles	Rates of duty		
		1	LDDC	2

[(c) On or before April 1 of each calendar year (beginning with 1967), the International Trade Commission shall determine the apparent United States consumption of watch movements during the preceding calendar year, shall report such determination to the Secretary of the Treasury, the Secretary of the Interior, and Secretary of Commerce, and shall publish such determination in the Federal Register, together with the number of watches and watch movements which are the product of the Virgin Islands, Guam, and American Samoa which may be entered free of duty under paragraph (b) during the calendar year.

[(d) The Secretary of the Interior and the Secretary of Commerce, acting jointly, shall allocate on a fair and equitable basis among producers of watches and watch movements located in the Virgin Islands, Guam, and American Samoa the quotas for each calendar year provided by paragraph (b) for articles which are the product of the Virgin Islands, Guam, and American Samoa, respectively. Allocations made by the Secretaries shall be final. The Secretaries are authorized to issue such regulations as they determine necessary to carry out their duties under this paragraph.]

(b) Watches and watch movements produced or manufactured in an insular possession which contain any foreign component may be admitted free of duty without regard to the value of the foreign materials they contain if they conform with the provisions of this headnote, but the total quantity of such articles entered free of duty shall not exceed the amounts established by or pursuant to paragraph (c) of this headnote.

(c) In calendar year 1983 the total quantity of such articles which may be entered free of duty shall not exceed 7,000,000 units. In subsequent calendar years, the Secretaries of Commerce and the Interior (the Secretaries'), acting jointly, shall establish a limit on the quantity which may be entered free of duty during the calendar year, and shall consider whether such limit is in the best interest of the insular possessions and not inconsistent with domestic or international trade policy considerations; except that the quantity they establish in each calendar year shall not—

(i) exceed 10,000 units or ⅛ of apparent domestic consumption (as determined by the International Trade Commission pursuant to paragraph (d) of this headnote), whichever is greater.

(ii) be decreased by more than 10 percent of the quantity established for the immediately preceding calendar year; and

(iii) be increased to more than 7,000,000 units or by more than 20 percent of the quantity established for the immediately preceding calendar year, whichever is greater.

(d) On or before April 1 of each calendar year (beginning with the first year in which watch imports from the insular possessions exceed 9,000,000 units), the International Trade Commission shall determine the apparent United States consumption of watches and watch movements (including solid state watches and watch movements) during the preceding calendar year, shall report such determination to the Secretaries and shall publish such determination in the Federal Register.

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Item	Articles	Rates of duty 1	LDDC	2

(e) In calendar year 1983, not more than 5,200,000 units of the total quantity of such articles which may be entered free of duty shall be the product of the Virgin Islands, not more than 1,200,000 units shall be the product of Guam, and not more than 600,000 units shall be the product of American Samoa. For calendar years after 1983, the Secretaries may establish for each of the insular possessions new shares of the total amount which may be entered free of duty, taking into account the capacity of the insular possession to produce and ship its assigned amounts; except that no share of an insular possession may—

(i) for any calendar year be fewer than 500,000 units;

(ii) for each of calendar years 1984 and 1985, be reduced by more than 200,000 units below its share for the immediately preceding year; and

(iii) for each calendar year after 1985, be reduced by more than 500,000 units below its share for the immediately preceding calendar year.

(f) The Secretaries, acting jointly, shall allocate the calendar year duty exemptions provided by paragraphs (b), (c), and (e) of this headnote on a fair and equitable basis among producers located in the insular possessions, and shall issue appropriate licenses therefor. Allocations made by the Secretaries shall be final. In making the allocations, the Secretaries shall consider the potential impact of production in the insular possessions on domestic production of like articles and shall establish allocation criteria, which may include minimum assembly requirements, that will reasonably maximize the net amount of direct economic benefits to the insular possessions.

(g) TEMPORARY PRODUCTION INCENTIVE CERTIFICATES.—

(i) Effective January 1, 1983, the Secretaries, acting jointly, shall verify the wages paid by each producer to permanent residents of the insular possessions in the preceding calendar year, and, by March 1 of each year through calendar year 1994, shall issue to each producer a certificate for a portion of the amount so verified, determined pursuant to subparagraph (ii) of this paragraph.

(ii) The value of each producer's certificate shall equal 90 percent of each producer's creditable wages on the assembly of the first 300,000 units produced annually, plus a graduated declining percentage to be annually established by the Secretaries of the producer's creditable wages on the assembly of additional units, up to a maximum of 750,000 units annually; except that—

(A) the aggregate value of all certificates may not exceed an annual certificate limit, the value of which bears the same ratio to $5,000,000 as the gross national product of the United States for the preceding calendar year, as determined by the Department of Commerce, bears to the gross national product of the United States for calendar year 1982, and if such limit is exceeded, the value of each producer's certificate shall be reduced proportionately by an amount sufficient to account for the amount by which the aggregate base amount exceeds the annual certificate limit; and

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Item	Articles	Rates of duty 1	LDDC	2

(B) each producer's certificate shall not be reduced below an amount equal to 90 percent of each producer's creditable wages on the assembly of up to the first 300,000 units produced annually, unless the aggregate of these reduced certificates exceeds the annual certificate limit, in which event each producer's certificate shall again be reduced proportionately to account for the excess.

(iii) Such certificates entitle the certificate holder to secure the refund of duties equal to the face value of the certificate on watches and watch movements (including solid state watches and watch movements) and, with the exception of discrete cases, parts therefor imported into the customs territory of the United States by the certificate holder. Such refunds shall be made under regulations issued by the Treasury Department. Not more than 5 percent of these refunds may be retained as a reimbursement to the Customs Service for the administrative costs of making the refunds.

(iv) Such certificates, or portions thereof, are negotiable.

(v) Such certificates shall expire 1 year from the date of issuance and may be applied against duties on imports of watches and watch movements the entry of which were made within 2 years prior to the date of issuance of the certificate.

(vi) For purposes of calculating the value of each producer's production incentive certificates to be issued during calendar year 1983 only, the greater of either (A) a producer's creditable wages for calendar year 1982, or (B) an amount equal to 60 percent of a producer's creditable wages for calendar year 1981 shall be considered the creditable wages for calendar year 1982 for purposes of subparagraph (ii) of this paragraph.

(h) The Secretaries are authorized to issue such regulations, not inconsistent with other provisions herein, as they determine necessary to carry out their respective duties under this headnote. Such regulations shall include minimum assembly requirements. Any duty-free entry determined not to have been made in accordance with applicable regulations shall be subject to the applicable civil remedies and criminal sanctions, and, in addition, the Secretaries may cancel or restrict the license or certificate of any manufacturer found in willful violation of the regulations.

* * * * * * *

PART 5.—ARMS AND AMMUNITION; FISHING TACKLE; WHEEL GOODS; SPORTING GOODS, GAMES AND TOYS

* * * * * * *

Supart E.—Models; Dolls, Toys, Tricks, Party Favors

Subpart E headnote:

1. The articles described in the provisions of this subpart (except parts) shall be classified in such provisions, whether or not such articles are more specifically provided for elsewhere in the tariff schedules, but the provisions of this subpart do not apply to—
   (i) doll carriages, doll strollers, and parts thereof (see part 5C of this schedule);
   (ii) wheeled goods designed to be ridden by children, and parts thereof (see part 5C of this schedule); or
   (iii) games and other articles in items 734.15 and 734.20, toy balls (items 735.09-.12), and puzzles and games in item 735.20 (see part 5D of this schedule).

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Item	Articles	Rates of duty 1	LDDC	2
	2. For the purposes of the tariff schedules, a "toy" is any article chiefly used for the amusement of children or adults. *3. For the purposes of the superior heading to items 737.47 and 737.49 and of item 737.51, "toy figures of inanimate objects" are only imaginary creatures that either—* *(i) do not possess features of human or other earthly creatures;* *(ii) possess both earthly and non-earthly features but are predominantly non-earthly in nature; or* *(iii) possess features which are a hybrid of features of more than one animate object.* *This definition does not cover toy figures of objects which are readily recognizable as vegetables, minerals, robots, or machines, whether or not such figures possess humanoid or earthly features..* *4. Items 737.23, 737.28, 737.30 and 737.47 do not include any doll or toy that either—* *(i) will maintain the three dimensional shape of its torso if the stuffing or filler is removed, or* *(ii) is constructed such that the "filler" material consists of one piece (such as one piece of foam rubber) or more than one piece that achieves the same effect as one piece.* *5. For the purposes of items 737.26 and 737.51, "skins" are the outer coverings or shells of those dolls or toy figures which, if imported stuffed or filled, would be classified in items 737.23, 737.28, 737.30* and 737.47, but do not contain stuffing or filling in the torso when imported. *6. For the purposes of item 737.47, the term "filled" includes toy figures which are not completely filled or are filled with materials such as plastic beads or crushed nutshells but which otherwise possess the characteristics of toy figures classifiable as "stuffed."*			
	* * * * * * *			
[737.42 737.43]	Having a spring mechanism: Wholly or almost wholly of metal	9.7% ad val	5.8% ad val	70% ad val.
	Other	17.1% ad val	5.8% ad val	70% ad val.
737.45 737.50 737.47	*Toy figures of inanimate objects, not having a spring mechanism:*			
737.49	*Stuffed or filled*	*13.6% ad val*	*7% ad val*	*70% ad val.*
737.51	Other	13.6% ad val	7% ad val	70% ad val.
	Skins for toy figures of animate or inanimate objects.	*13.6% ad val*	*7% ad val*	*70% ad val.*
	* * * * * * *			
	PART 7.—BUTTONS, BUCKLES, PINS, AND OTHER FASTENING DEVICES; ARTIFICIAL AND PRESERVED FLOWERS AND FOLIAGE; MILLINERY ORNAMENTS; TRIMMINGS; AND FEATHER PRODUCTS			
	Subpart A.—Buttons, Buckles, Pins, Hooks and Eyes, and Slide Fasteners			
	Subpart A headnote: 1. This subpart does not cover— (i) jewelry and other objects of personal adornment provided for in part 6A of schedule 7; or (ii) harness and saddlery or riding-bridle hardware (see part 3D of schedule 6). 2. For the purposes of this subpart— (a) the term *"line"* in the rates of duty columns (items 745.20 and 745.32) means the line button measure of one-fourtieth of one inch; and (b) the term *"button blanks"* (item 745.40) [in the superior heading to items 745.41 and 745.42] is limited to raw or crude blanks suitable for manufacture into buttons.			
	* * * * * * *			

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Item	Articles	Rates of duty 1	LDDC	2
[745.40	Button blanks and molds, and parts of buttons..	22.1% ad val...	11.4% ad val...	45% ad val.]
	Button blanks and molds, and parts of buttons:			
745.41	*Button blanks, of casein*	*Free*		*45% ad val.*
745.42	*Other*	*22.1% ad val...*	*11.4% ad val...*	*45% ad val.*

* * * * * * *

SCHEDULE 8.—SPECIAL CLASSIFICATION PROVISIONS

* * * * * * *

Item	Articles	Rates of duty 1	2
	PART 3.—GOVERNMENTAL IMPORTATIONS		
	Subpart A.—United States Government		
	Subpart A headnote:		
	1. With respect to item 837.00, the return of materials from space by the National Aeronautics and Space Administration shall not be considered an importation, and an entry of such materials shall not be required.		
	* * * *	*	*
836.00	Articles for the Commodity Credit Corporation: Materials certified by it to the Commissioner of Customs to be strategic materials acquired by that agency as a result of barter or exchange of agricultural commodities or products.	Free	Free
	Articles for the National Aeronautics and Space Administration and articles imported to be launched into space under launch services agreements with the National Aeronautics and Space Administration:		
837.00	*Materials certified by it to the Commissioner of Customs to be imported to be launched into space, spare parts, or necessary and uniquely associated support equipment for use in connection with a launch into space.*	*Free*	*Free*
	* * * *	*	*
	PART 7.—OTHER SPECIAL CLASSIFICATION PROVISIONS		
	* * * *	*	*
[870.10	Records, diagrams, and other data with regard to any business, engineering, or exploration operation conducted outside the United States, whether on paper, cards, photographs, blueprints, tapes, or other media.	Free	Free]
	* * * *	*	*

APPENDIX TO THE TARIFF SCHEDULES

* * * * * * *

Item	Articles	Rates of duty 1	2	Effective period
	PART 1.—TEMPORARY LEGISLATION			
	* * * *	*	*	*
	Subpart B.—Temporary Provisions Amending the Tariff Schedules			
	Subpart B headnotes:			
	1. Any article described in the provisions of this subpart, if entered during the period specified in the last column, is subject to duty at the rate set forth herein in lieu of the rate provided therefor in schedule 1 to 8, inclusive			

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Item	Articles	Rates of duty 1	Rates of duty 2	Effective period
	2. Articles exempted under item 915.25 from the payment of duty shall be exempt also from the payment of any internal revenue tax imposed upon or by reason of importation.			
	3. (a) Items 911.10, 911.11, 911.13, 911.14, 911.15, and 911.16 shall not apply when the market price of copper is under 51 cents per pound.			
	(b) For purposes of subparagraph (a), the market price of copper has the meaning assigned to it by headnote 5(b) of the headnotes of schedule 6, part 2, subpart C.			
	(c) For purposes of subparagraph (a), the market price of copper shall be considered to be under 51 cents per pound only on and after the 20th day after the date of a report by the United States International Trade Commission to the Secretary of the Treasury that it has determined that the market price has been under 51 cents per pound for one calendar month. After any such report, the market price shall be considered as not being under 51 cents per pound only on and after the 20th day after the date of a report by the Commission to the Secretary that it has determined that the market price has been 51 cents or more per pound for one calendar month.			
	(d) Determinations by the Commission under this headnote shall be made in the manner prescribed by headnote 5(c) of schedule 6, part 2, subpart C.			
	4. For so long as items 905.10 and 905.11 are in effect, headnotes 3, 4, and 5 of subpart C of part 1 of schedule 3 shall be suspended (except insofar as they relate to hair of the camel) and in lieu thereof—			
	(a) for purposes of item 307.40—			
	(i) the classification provisions for wool not finer than 46s shall apply to any package of wool containing not over 10 percent by weight of wool finer than 46s but not containing wool finer than 48s; and.			
	(ii) the citation for imports classifiable under item 307.40 shall be such item number followed by the item number for the part of the contents of the package which determines the rate of duty; and			
	(b) for purposes of item 905.11, a tolerance of not more than 10 percent of wools not finer than 48s may be allowed in each bale or package of wools imported as not finer than 46s.			
	5. For the purposes of the superior heading to items 906.10 and 906.12, the term "mass-produced kits" includes only those which are designed to be sold in the customs territory of the United States exclusively in kit form.			
	6. For the purpose of item 911.95, the term "entertainment broadcast band receivers" means receivers designed principally to receive signals in the AM (530–1710 KHz) and FM (88–108 MHz) entertainment broadcast bands, whether or not capable of receiving signals on other bands such as aviation, television, marine, public safety, industrial, and citizens bands			
	* * *	*	*	*
903.60	Mixtures of mashed or macerated hot red peppers and salt (provided for in item 141.77 or 141.88, part 8C, schedule 1)	Free	No change	On or before 6/30/81
903.65	*(Cantaloupes, fresh, if entered during the period from January 1 to May 15, inclusive, of any year (provided for in items 148.12 and 148.17, part 9B, schedule 1).*	*Free*	*No change*	*On or before 5/15/85*
	* * *	*	*	*
903.80	Other	Free	Free	On or before 6/30/84
903.85	*Fur not on the skin, prepared for hatters' use (provided for in item 186.20).*	*Free*	*No change*	*On or before 12/31/85*
	* * *	*	*	*

Item	Articles	Rates of duty 1	Rates of duty 2	Effective period
905.50	*Bonded fiber fabric disposable gowns designed for use in hospitals, clinics, laboratories or contaminated areas, of man-made fibers (provided for in items 379.96 and 383.92, part 6F, schedule 3) and bonded fiber fabric disposable surgical drapes, of man-made fibers (provided for in item 389.62, part 7B, schedule 3).*	*5.6% ad val.*	*26.5 % ad val.*	*On or before 1/1/88*
	* * *	*	*	*
	Needle-craft display models, primarily hand stitched, of completed mass-produced kits:			
906.10	*Articles provided for in items 355.16, 360.70, 360.78, 364.18, 364.23, 364.30, 365.78, 365.84, 365.86, 366.79, 367.34, 367.55, 367.60, 386.04, 386.06, 386.09, 386.50, 388.40, and 389.62 of schedule 3 (except shoe uppers and tents).*	*Free*	*No change*	*On or before 6/30/85*
906.12	*Aprons and baby bibs (provided for in items 383.03, 383.08, 383.20 and 383.50 of schedule 3).*	*Free*	*No change*	*On or before 6/30/85*
	* * *	*	*	*
907.00	*P-Hydroxybenzoic Acid (provided for in item 404.44, part 1, schedule 4).*	*Free*	*No change*	*On or Before 9/30/85*
907.03	*Triphenyl phosphate (provided for in item 404.48, part 1B, schedule 4).*	*Free*	*No change*	*On or before 9/30/85*
	* * *	*	*	*
907.05	Bis (4-aminobenzoate)-1,3-propanediol (trimethylene glycol di-p-aminobenzoate ([however provided for in items 402.36 through 406.63] *provided for in item 405.07*, part 1B, schedule.	Free	No change	On or before [6/30/83] 6/30/84
907.10	Cyclic organic chemical products in any physical form having a benzenoid, quinoid, or modified benzenoid structure (however provided for in items 402.36 through 406.63, part 1B, schedule 4) to be used in the manufacture of photographic color couplers.	Free	No change	On or before [6/30/83] 6/30/85
907.11	2-Methyl-4-chlorophenol (however provided for in items 402.36 through 406.63, part 1B, schedule 4).	Free	No change	On or before 6/30/81
907.12	Photographic color couplers (provided for in item 408.41, part 1C, schedule 4).	Free	No change	On or before [6/30/82] 6/30/85
907.14	*Mixtures of 3-ethylbiphenyl (m-ethyloiphenyl) and 4-ethylbiphenyl (p-ethylbiphenyl) (provided for in item 407.16, part 1B, schedule 4).*	*Free*	*No change*	*On or before 6/30/85*
907.15	*1,1-Bis (4-Chlorophenyl)-2,2,2,-trichloroethanol (Dicofol) (provided for in item 408.28, part 1C, schedule 4).*	*11.2% ad val.*	*7¢ per lb. + 11% ad val.*	*On or before 9/30/85*
907.16	*Allyl resins, uncompounded (provided for in item 408.96, part 1C, schedule 4).*	*Free*	*No change*	*On or before 9/30/84*
	* * * *	*	*	*
907.22	*Caffeine (provided for in item 437.02, part 3B, schedule 4).*	*6% ad val.*	*No change*	*On or before 12/31/83*
	* * * *	*	*	*
909.01	Graphite, crude and refined, natural (provided for in item 517.21, or 517.24, part 1E, schedule 5).	Free	No change	On or before [6/30/81] 12/31/84
	* * * *	*	*	*
911.05	*Copper scale (provided for in item 603.70, part 1, schedule 6).*	*Free*	*No change*	*On or before 9/30/85*
	* * * *	*	*	*
911.95	*Entertainment broadcast band receivers valued not over $10 each (however provided for in schedule 6), incorporating timekeeping or time display devices, not in combination with any other article, and not designed for motor vehicle installation.*	*Free*	*No change*	*On or before 9/30/84*
912.05	Generator lighting sets for bicycles, and parts thereof (provided for in item 653.39, part 3F, schedule 6).	Free	No change	On or before [6/30/86] 6/30/86
912.07	*Machines designed for heat-set, stretch texturing of continuous man-made fibers (provided for in item 670.06, part 4E, schedule 6).*	*Free*	*No change*	*On or before 9/30/85*

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Item	Articles	Rates of duty 1	Rates of duty 2	Effective period
912.08	*Single cylinder fine gauge hosiery knitting machines and double cylinder jacquard hosiery knitting machines (provided for in items 670.16 and 670.18, part 4E, schedule 6).*	*Free*	*No change*	*On or before 9/30/85*
912.09	*Double-headed latch needles (provided for in item 670.58, part 4E, schedule 6).*	*Free*	*No change*	*On or before 6/30/85*
912.10	Caliper brakes, drum brakes, coaster brakes, two-speed hubs with internal gear-changing mechanisms, three-speed hubs incorporating coaster brakes, three-speed hubs not incorporating coaster brakes, click twist grips, [click stick levers,] *trigger and twist grip controls for three-speed hubs,* multiple free wheel sprockets, cotterless type crank sets, frame lugs, parts of all the foregoing, *including cable or inner wire for caliper brakes and casing therefor, whether or not cut to length,* and parts of bicycles consisting of sets of steel tubing cut to exact length and each set having the number of tubes needed for the assembly (with other parts) into the frame and fork of one bicycle (provided for in items 732.35, 732.38, 732.41, and 732.42, part 5C, schedule 7).	Free	No change	On or before [6/30/83] *6/30/86*
*	* * * * *	*	*	*
912.20	*Externally-powered electric prosthetic devices for amputees (provided for in item 709.57, part 2B, schedule 7), and parts therof.*	*Free*	*No change*	*On or before 9/30/84*
912.25	*Articles provided for in parts 5D and 5E of schedule 7 (except balloons, marbles, dice, and die-cast vehicles), valued not over five cents per unit; and jewelry provided for in part 6A of schedule 7 (except parts), valued not over 1.6 cents per piece.*	*Free*	*No change*	*On or before 12/31/86*
912.30	*Stuffed dolls (with or without clothing) and doll skins for stuffed dolls (provided for respectively in items 737.21, 737.23 and 737.26, part 5E, schedule 7).*	*Free*	*No change*	*On or before 12/31/85*
912.34	*Stuffed or filled toy figures of inanimate objects not having a spring mechanism (provided for in item 737.47, part 5E, schedule 7).*	*Free*	*No change*	*On or before 12/31/85*
912.36	*Skins for stuffed toy figures of animate and inanimate objects (provided for in item 737.51, part 5E, schedule 7).*	*Free*	*No change*	*On or before 12/31/85*
*	* * * * *	*	*	*

TARIFF ACT OF 1930

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SEC. 311. BONDED MANUFACTURING WAREHOUSES.

All articles manufactured in whole or in part of imported materials, or of materials subject to internal-revenue tax, and intended for exportation without being charged with duty, and without having an internal-revenue stamp affixed thereto, shall, under such regulations as the Secretary of the Treasury may prescribe, in order to be so manufactured and exported, be made and manufactured in bonded warehouses similar to those known and designated in Treasury Regulations as bonded warehouses, class six: *Provided,* That the manufacturer of such articles shall first give satisfactory bonds for the faithful observance of all the provisions of law and of such regulations as shall be prescribed by the Secretary of the Treasury: *Provided further,* That the manufacture of distilled spirits from grain, starch, molasses, or sugar, including all dilutions or mixtures of them or either of them, shall not be permitted in such manufacturing warehouses.

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Whenever goods manufactured in any bonded warehouse established under the provisions of the preceding paragraph shall be exported directly therefrom or shall be duly laden for transportation and immediate exportation under the supervision of the proper officer who shall be duly designated for that purpose, such goods shall be exempt from duty and from the requirements relating to revenue stamps.

No flour, manufactured in a bonded manufacturing warehouse from wheat imported after ninety days after the date of the enactment of this Act, shall be withdrawn from such warehouse for exportation without payment of a duty on such imported wheat equal to any reduction in duty which by treaty will apply in respect of such flour in the country to which it is to be exported.

Any materials used in the manufacture of such goods, and any packages, coverings, vessels, brands, and labels used in putting up the same may, under the regulations of the Secretary of the Treasury, be conveyed without the payment of revenue tax or duty into any bonded manufacturing warehouse, and imported goods may, under the aforesaid regulations, be transferred without the exaction of duty from any bonded warehouse into any bonded manufacturing warehouse; but this privilege shall not be held to apply to implements, machinery, or apparatus to be used in the construction or repair of any bonded manufacturing warehouse or for the prosecution of the business carried on therein.

Articles or materials received into such bonded manufacturing warehouse or articles manufactured therefrom may be withdrawn or removed therefrom for direct shipment and exportation or for transportation and immediate exportation in bond to foreign countries or to the Philippine Islands under the supervision of the officer duly designated therefor by the appropriate customs officer of the port, who shall certify to such shipment and exportation, or ladening for transportation, as the case may be, describing the articles by their mark or otherwise, the quantity, the date of exportation, and the name of the vessel: *Provided,* That the by-products incident to the processes of manufacture, including waste derived from cleaning rice in bonded warehouses under the Act of March 24, 1874, in said bonded warehouses may be withdrawn for domestic consumption on the payment of duty equal to the duty which would be assessed and collected by law if such waste or by-products were imported from a foreign country: *Provided,* That all waste material may be destroyed under Government supervision. All labor performed and services rendered under these provisions shall be under the supervision of a duly designated officer of the customs and at the expense of the manufacturer.

A careful account shall be kept by the appropriate customs officer of all merchandise delivered by him to any bonded manufacturing warehouse, and a sworn monthly return, verified by the customs officers in charge, shall be made by the manufacturer containing a detailed statement of all imported merchandise used by him in the manufacture of exported articles.

Before commencing business the proprietor of any manufacturing warehouse shall file with the Secretary of the Treasury a list of all the articles intended to be manufactured in such warehouse,

and state the formula of manufacture and the names and quantities of the ingredients to be used therein.

Articles manufactured under these provisions may be withdrawn under such regulations as the Secretary of the Treasury may prescribe for transportation and delivery into any bonded warehouse [at an exterior port] for the sole purpose of [immediate] export therefrom: *Provided*, That cigars manufactured in whole of tobacco imported from any one country, made and manufactured in such bonded manufacturing warehouses, may be withdrawn for home consumption upon the payment of the duties on such tobacco in its condition as imported under such regulations as the Secretary of the Treasury may prescribe, and the payment of the internal-revenue tax accruing on such cigars in their condition as withdrawn, and the boxes or packages containing such cigars shall be stamped to indicate their character, origin of tobacco from which made, and place of manufacture.

The provisions of section 3433 of the Revised Statutes shall, so far as may be practicable, apply to any bonded manufacturing warehouse established under this Act and to the merchandise conveyed therein.

Distilled spirits and wines which are rectified in bonded manufacturing warehouses, class six, and distilled spirits which are reduced in proof and bottled in such warehouses, shall be deemed to have been manufactured within the meaning of this section, and may be withdrawn as hereinbefore provided, and likewise for shipment in bond to Puerto Rico, subject to the provisions of this section, and under such regulations as the Secretary of the Treasury may prescribe, there to be withdrawn for consumption or be rewarehoused and subsequently withdrawn for consumption: *Provided*, That upon withdrawal in Puerto Rico for consumption, the duties imposed by the customs laws of the United States shall be collected on all imported merchandise (in its condition as imported) and imported containers used in the manufacture and putting up of such spirits and wines in such warehouses: *Provided further*, That no internal-revenue tax shall be imposed on distilled spirits and wines rectified in class six warehouses if such distilled spirits and wines are exported or shipped in accordance with the provisions of this section, and that no person rectifying distilled spirits or wines in such warehouses shall be subject by reason of such rectification to the payment of special tax as a rectifier.

* * * * * * *

[SEC. 483. CONSIGNEE AS OWNER OF MERCHANDISE.

[For the purposes of this title—

[(1) All merchandise imported into the United States shall be held to be the property of the person to whom the same is consigned; and the holder of a bill of lading or the holder of an air waybill duly indorsed by the consignee therein named, or, in the case of a bill of lading if consigned to order, by the consignor, shall be deemed the consignee thereof; except that this section shall not limit in any way the rights of the consignor, as prescribed by article 12 of the Warsaw Convention (49 Stat. 3017). The underwriters of abandoned merchandise and the salvors of merchandise saved

from a wreck at sea or on or along a coast of the United States may be regarded as the consignees.

[(3) A person making entry of merchandise under the provisions of subdivision (h) or (i) of section 484 (relating to entry on carrier's certificate and on duplicate bill of lading, respectively) shall be deemed the sole consignee thereof.]

SEC. 484. ENTRY OF MERCHANDISE.

(a) REQUIREMENT OF TIME.—(1) [Except as provided in sections 490, 498, 552, 553, and 336(j) of this Act and in subsections (h) and (i) of this section, the consignee of imported merchandise, either in person or by an agent authorized by the consignee in writing—] *Except as provided in sections 490, 498, 552, 553, and 336(j) of this Act and in subsections (h) and (i) of this section, one of the parties qualifying as "importer of record" under paragraph (2)(C) of this subsection, either in person or by an agent authorized by him in writing—*

(A) shall make entry therefor by filing with the appropriate customs officer such documentation as is necessary to enable such officer to determine whether the merchandise may be released from customs custody; and

(B) shall file (at the time required under paragraph (2)(B) of this subsection) with the appropriate customs officer such other documentation as is necessary to enable such officer to assess properly the duties on the merchandise, collect accurate statistics with respect to the merchandise, and determine whether any other applicable requirement of law (other than a requirement relating to release from customs custody) is met.

(2)(A) The documentation required under paragraph (1) of this subsection with respect to any imported merchandise shall be filed at such place within the customs-collection district where the merchandise will be released from customs custody as the Secretary shall by regulation prescribe.

(B) The documentation required under paragraph (1)(B) of this subsection with respect to any imported merchandise shall be filed with the appropriate customs officer when entry of the merchandise is made or at such time within the ten-day period (exclusive of Saturdays, Sundays, and holidays) immediately following the date of entry as the Secretary shall by regulation prescribe.

(C) When an entry of merchandise is made under this section, the required documentation shall be filed either by the owner or purchaser of the merchandise or, when appropriately designated by the owner, purchaser, or consignee of the merchandise, a person holding a valid license under section 641 of this Act. When a consignee declares on entry that he is the owner or purchaser of merchandise, the appropriate customs officer may, without liability, accept the declaration. For the purposes of this title, the importer of record must be one of the parties who is eligible to file the documentation required by this section.

[(C)] *(D)* The Secretary, in prescribing regulations to carry out this subsection, shall establish procedures which insure the accuracy and timeliness of import statistics, particularly statistics relevant to the classification and valuation of imports. Corrections of errors in such statistical data discovered after the release of mer-

chandise shall be transmitted immediately to the Director of the Bureau of the Census, who shall make corrections in the statistics maintained by the Bureau. The Secretary shall also provide, to the maximum extent practicable, for the protection of the revenue, the facilitation of the commerce of the United States, and the equal treatment of all [consignees] *importers of record* of imported merchandise.";

* * * * * * *

(c) PRODUCTION OF BILL OF LADING.—The [consignee] *importers of record* shall produce the bill of lading at the time of making entry, except that—

(1) If the appropriate customs officer is satisfied that no bill of lading has been issued, the shipping receipt or other evidence satisfactory to such customs officer may be accepted in lieu thereof;

(2) The appropriate customs officer is authorized to permit entry and to release merchandise from customs custody without the production of the bill of lading if the person making such entry gives a bond satisfactory to such customs officer in a sum equal to not less than one and one-half times the invoice value of the merchandise, to produce such bill of lading, to relieve such customs officer of all liability, to indemnify the collector against loss, to defend every action brought upon a claim for loss or damage, by reason of such release from customs custody or a failure to produce such bill of lading and to entitle any person injured by reason of such release from customs custody to sue on such bond in his own name, without making such customs officer a party thereto. Any person so injured by such release may sue on such bond to recover any damages so sustained by him; and

(3) The provisions of this subsection shall not apply in the case of an entry under subsection (h) or (i) of this section (relating to entry on carrier's certificate and on duplicate bill of lading, respectively).

(d) SIGNING AND CONTENTS.—Such entry shall be signed by the [consignee] *importer of record*, or his agent, and shall set forth such facts in regard to the importation as the Secretary of the Treasury may require for the purpose of assessing duties and to secure a proper examination, inspection, appraisement, and liquidation, and shall be accompanied by such invoices, bills of lading, certificates, and documents as are required by law and regulations promulgated thereunder.

* * * * * * *

[(h) ENTRY ON CARRIER'S CERTIFICATE.—Any person certified by the carrier bringing the merchandise to the port at which entry is to be made to be the owner or consignee of the merchandise, or an agent of such owner or consignee, may make entry thereof, [illegible] in person or by an authorized agent, in the manner and subject to the requirements prescribed in this section (or in regulations promulgated hereunder) in the case of a consignee within the meaning of paragraph (1) of section 483.

[(i) ENTRY ON DUPLICATE BILL OF LADING.—Any person may, upon the production of a duplicate bill of lading signed or certified to be genuine by the carrier bringing the merchandise to the port at which entry is to be made, make entry for the merchandise in respect of which such bill of lading is issued, in the manner and subject to the requirements prescribed in this section (or in regulations promulgated hereunder) in the case of a consignee within the meaning of paragraph (1) of section 483, except that such person shall make such entry in his own name.]

(h) The carrier bringing the merchandise into the port at which entry is to be made may certify any person to be the owner, purchaser, or consignee of the merchandise, and that person may be accepted as such by the appropriate customs officer. A carrier shall not certify a person pursuant to this subsection unless it has actual knowledge of or reason to believe in the accuracy of such certification.

(i) For the purposes of this section, the appropriate customs officer may accept a duplicate bill of lading signed or certified to be genuine by the carrier bringing the merchandise to the port at which entry is to be made.

SEC. 485. DECLARATION.

(a) REQUIREMENT—FORM AND CONTENTS.—Every [consignee] *importer of record* making an entry under the provisions of section 484 of this Act shall make and file therewith, in a form to be prescribed by the Secretary of the Treasury, a declaration under oath, stating—

(1) Whether the merchandise is imported in pursuance of a purchase of an agreement to purchase, or whether it is imported otherwise than in pursuance of a purchase or agreement to purchase;

(2) That the prices set forth in the invoice are true, in the case of merchandise purchased or agreed to be purchased; or in the case of merchandise secured otherwise than by purchase or agreement to purchase, that the statements in such invoice as to value or price are true to the best of his knowledge and belief;

(3) That all other statements in the invoice or other documents filed with the entry, or in the entry itself, are true and correct; and

(4) That he will produce at once to the appropriate customs officer any invoice, paper, letter, document, or infomation received showing that any such prices or statements are not true or correct.

(b) BOOKS AND PERIODICALS.—The Secretary of the Treasury is authorized to prescribe regulations for one declaration in the case of books, magazines, newspapers, and periodicals published and imported in successive parts, numbers, or volumes, and entitled to free entry.

(c) AGENTS.—In the event that an entry is made by an agent under the provisions of section 484 of this Act and such agent is not in possession of such declaration of the consignee, such agent shall give a bond to produce such declaration.

(d) a [consignee] *importer of record* shall not be liable for any additional or increased duties if (1) he declares at the time of entry that he is not the actual owner of the merchandise, (2) he furnishes the name and address of such owner, and (3) within ninety days from the date of entry he produces a declaration of such owner conditioned that he will pay all additional and increased duties, under such regulations as the Secretary of the Treasury may prescribe. Such owner shall possess all the rights of a [consignee] *importer of record.*

(e) SEPARATE FORMS FOR PURCHASE AND NONPURCHASE IMPORTATIONS.—The Secretary of the Treasury shall prescribe separate forms for the declaration in the case of merchandise which is imported in pursuance of a purchase or agreement to purchase and merchandise which is imported otherwise than in pursuance of a purchase or agreement to purchase.

(f) DECEASED OR INSOLVENT PERSONS—PARTNERSHIPS AND CORPORATIONS.—Whenever such merchandise is consigned to a deceased person, or to an insolvent person who has assigned the same for the benefit of his creditors, the executor or administrator, or the assignee of such person or receiver or trustee in bankruptcy, shall be considered as the [consignee] *importer of record;* when consigned to a partnership the declaration of one of the partners only shall be required, and when consigned to a corporation such declaration may be made by any officer of such corporation. Whether the [consignee] *importer of record* is an individual, a partnership, or a corporation, the declaration may be made by any person who has knowledge of the facts and who is specifically authorized by such individual, a member of such partnership, or an officer of such corporation to make such declaration.

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SEC. 487. VALUE IN ENTRY—AMENDMENT.

The [consignee] *importer of record* or his agent may, under such regulations as the Secretary of the Treasury may prescribe, at the time entry is made, make in the entry such additions to or deductions from the cost or value given in the invoice as, in his opinion, may raise or lower the same to the value of such merchandise.

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SEC. 494. EXPENSE OF WEIGHING AND MEASURING.

In all cases in which the invoice or entry does not state the weight, quantity, or measure of the merchandise, the expense of ascertaining the same shall be collected from the [consignee] *importer of record* before its release from customs custody.

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SEC. 505. PAYMENT OF DUTIES.

(a) DEPOSIT OF ESTIMATED DUTIES.—Unless merchandise is entered for warehouse or transportation, or under bond, the [consignee] *importer of records* shall deposit with the appropriate customs officer at the time of making entry, or at such later time as the Secretary may prescribe by regulation (but not to exceed thirty

days after the date of entry), the amount of duties estimated by such customs officer to be payable thereon.

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SEC. 557. ENTRY FOR WAREHOUSE—WAREHOUSE PERIOD—DRAWBACK.

(a) Any merchandise subject to duty, with the exception of perishable articles and explosive substances other than firecrackers, may be entered for warehousing and be deposited in a bonded warehouse at the expense and risk of the owner *purchaser,* importer, or consignee. Such merchandise may be withdrawn, at any time within 5 years from the date of importation, for consumption upon payment of the duties and charges accruing thereon at the rate of duty imposed by law upon such merchandise at the date of withdrawal; or may be withdrawn for exportation or for transportation and exportation to a foreign country, or for shipment or for transportation and shipment to the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, or the island of Guam, without the payment of duties thereon, or for transportation and rewarehousing at another port or elsewhere, or for transfer to another bonded warehouse at the same port: *Provided,* That the total period of time for which such merchandise may remain in bonded warehouse shall not exceed 5 years (or ten months in the case of grain) from the date of importation. Merchandise upon which the duties have been paid and which shall have remained continuously in bonded warehouse or otherwise in the custody and under the control of customs officers, may be entered or withdrawn at any time within 5 years after the date of importation for exportation or for transportation and exportation to a foreign country, or for shipment or for transportation and shipment to the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, or the island of Guam, under such regulations as the Secretary of the Treasury shall prescribe, and upon such entry or withdrawal, and exportation or shipment, the duties thereon shall be refunded.

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(d) WITHDRAWAL BEFORE PAYMENT.—Merchandise may be withdrawn for comsumption without the payment of the duty thereon if the [consignee] *importer of record* or transferee is permitted to pay duty at a later time pursuant to regulations prescribed by the Secretary under section 505 of this Act.

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